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ABSTRACT

A research study, based on a survey of the literature, sought to: (1) analyze recent economic, technological, and sociological trends in Japan; (2) analyze how those trends have or have not had an impact on Japan's historical and currently famous approach to the management of its human resources; and (3) based on findings, present arguments for or against change within training and development activities of Japanese organizations. Trends studied included economic shifts, technological shifts, sociological shifts, Japan's employment and human resource management systems, training and development, training in the workplace, and reflections on the effects of Japanese traditions on employment and training systems. The study concluded that change in Japan's training and development system will come as a result of multiple forces: (1) the increasing demise of the lifetime employment system and the prevailing shrinkage of the internal labor market; (2) intense diversification of business and industry and the booming service sector currently in desperate need of new knowledge, skills, and abilities; (3) pressure from business and industry for Japan to reform its current educational and vocational systems, as well as a reflection of changed expectations among Japanese youth and the entrance of Japanese women into the labor market; and (4) Japan's present transition into a postindustrial and international society. (58 references) (Author/KC)

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# TRAINING AND DEVELOPMENT RESEARCH CENTER

Project Number Twenty-Eight

## REVITALIZATION OF JAPANESE BUSINESS AND INDUSTRY: Implications for Training and Organization Development

Karen J. Lindberg
January 1989

university of minnesota
DEPARTMENT OF VOCATIONAL AND TECHNICAL EDUCATION • ST. PAUL MINNESOTA

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## Abstract

The purpose of this research was: (a) to analyze recent economic, technological, and sociological trends in the country of Japan; (b) to analyze how those trends have or have not impacted Japan's historical and currently famous approach to the management of their human resources; and (c) based on findings, to present arguments for or against change within training and development activities of Japanese organizations.

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# INTRODUCTION

Much has been written about Japan's phenomenal success at becoming a major world economy. Its global, competitive thrust has forever changed the course of international business strategy. Already the second largest economy in the world, by 1990, Japan will likely be the second largest market in the world, second only to the United States.

Japan's place as an industrial monolith in the Eastern sun has, however, been challenged by a profusion of international concerns. First, criticized as a net consumer of knowledge, Japan has been asked to reverse that trend and contribute to the world storehouse of knowledge, especially in the fields of science and engineering. Second, because of its wealth, Japan has also been asked to substantially increase its contributions to programs for worldwide economic aid. Third, criticized as a predator of world markets, Japan has been pressured to reduce its economic dependence on exports by stimulating domestic demand and accelerating imports, thus reversing the flow of trade imbalances. Fourth, criticized as an obstacle to fair global competition, Japan has been asked to liberalize trade policies in its own marketplace. Fifth, criticized as insular and racist, Japan's ethnic homogeneity has been challenged by requests for strengthened cross-cultural

exchanges as well as increased immigration and employment of foreign minorities. Sixth, because its foreign investments are increasing, Japan has been asked to broaden its philosophy of management from a monocultural to a multicultural perspective. In short, Japan is under pressure to internationalize and accept the economic, environmental, and humanitarian responsibilities and obligations befitting a major world power.

Yet another challenge facing Japan, largely in response to the aforementioned issues, is a growing fundamental shift within this traditional, ancient society. Shifts within economic, technological, and sociological factors are, in fact, forcing a major restructuring of Japanese business, industry, and labor.

## ECONOMIC SHIFTS

Japan--long considered the world's industrial workshop--has been a much touted example of an economic miracle. In a review of its recent patterns of economic growth, Sandeman (1983) found that during the years 1950 to 1973, when the world Gross Domestic Product (GDP) averaged 4.7%, Japan's GDP consistently averaged 10.5%. After 1973, however, the workshop miracle began to age. In 1974, Japan's annualized growth rate slipped to 5%. Later in 1979, it slipped to 3%. This downward trend in Japan's economic growth was, however, "no more important in its economic life than in other advanced industrial nations, where the share of manufacturing in the economy typically shrinks as wealth increases" (Sandeman, p. 3).

Of equal importance to Japan's economic downsizing in the realm of manufacturing have been events constraining the environment, largely, the global economy. Economic forces producing change in Japan since 1973 have been mainly a result of (a) two oil crises (1974 and 1981), (b) movement towards a service economy (1975), (c) the onset of a recession (1981), (d) the yen crisis (1985), (e) an increase in foreign competition alongside Japan's striving for equity in world trade balances (1985), and (f) the ever-increasing cost of doing business in Japan. Some of these economic forces are briefly explained in the following paragraphs.

Since 1975, Japan has gradually shifted from an industrial to a full-blown knowledge and service economy. Liberalization and deregulation of Japan's financial markets have fueled growth within banking and finance, as well as the growth of telecommunication and information service industries. Increased prosperity and shorter working hours have also created the need for services in areas such as health care, transportation, leisure, sports, and entertainment. Other service industries on the rise are insurance, real estate, wholesales, retails, leasing, foods, and drinks. By 1995, it is anticipated that service industries will employ over half the Japanese work force whereas "manufacturing jobs, which have been contracting for years, will slip at an accelerated rate, from 24.3% in 1985 to 22% by 1995" (Borrus, 1987, p. 53).

A more problematic economic force producing economic change has been the yen crisis, or "endaka," as the Japanese call it. With the foreign-exchange value of the yen rising by 80% since 1985, Japanese products have become increasingly expensive and thus more difficult to sell in overseas markets. The strong yen has meant that competition from Asia's lower-wage Newly Industrialized Countries (NICs), namely, South Korea, Taiwan, Hong Kong, and Singapore, have been able to dip heavily into Japan's textile, semiconductor chip, and

consumer electric product world-market shares. During 1986, for example, Dreyfuss (1987) reported that the demand for Japanese exports dropped 16%, causing Japan's industrial production to fall for the first time in 11 years.

The strengthened yen has also caused a sharp reduction in the cost of Japanese imports. For example, goods produced by the Asian NICs--although yet claimed to be no match in terms of quality--have often been priced 30% to 50% lower than comparable goods manufactured in Japan (Nagashima, 1988, p. 5). Thus, largely on the merit of price--but on adequate and improving quality as well--these imports have managed to capture a significant portion of Japan's consumer market. Today, in fact, half of the radio cassette recorders, pocket calculators, and black-and-white television sets sold in Japan are Asian imports. A major concern of the Japanese, of course, is that, although responding to political pressure to accelerate imports, the dramatic increase in NICs imports will ultimately dampen their own continued prosperity. A countercheck recently posed by Japanese retailers, however, is that, as the NICs' labor costs and currencies rise, the price advantage on such imports will gradually decrease. These retailers are confident, in fact, that the NICs boom will end within a year or two. Regardless, the struggle to

remain competitive continues.

Another major factor producing an economic shift has been the high cost of doing business in Japan. Currently, the cost of oil is relatively low. This factor, coupled with Japan's diligent and increasing industrial application of high-technology fuel efficiencies, has given this country an appreciable advantage over other industrial nations during post-oil shock years. For instance, with only 4% of its gross national product paying for a 1986 national fuel bill (in contrast to the United States at 10% in the same year), "the average Japanese product has an automatic cost advantage of about 5 percent in the U.S. market" (Adams, 1988, p. 11). On the domestic scene, however, the cost of labor, land, construction materials, electricity, and water remains very high. Rates for electricity and water, for example, are 91% higher in Japan than in the United States. Yet another major cost of doing business is the high rate at which Japanese corporations are taxed. Asano (1986) reports that, in contrast to a 1986 corporate tax burden ratio of 32.35% in the United States, Japan's corporate tax burden ratio ran a high 51.60%.

## Restructuring for a New Economic Era

Japan's response to its changed economy in recent years has been an accelerated restructuring of business and industry. In many cases, entire operations have been redesigned from the ground up, meaning that today "many enterprises are completely different organizations from what they were before September, 1985" (Karatsu, 1988, p. 16). The primary objective of the restructuring process has been to increase world-market share. That objective has in turn been supported by strategies to diversify basic industries through expansion of markets, products, and auxiliary services, plus the reduction of production costs through changed technologies and/or the buildup of overseas operations.

### Creation of Domestic Led Growth

Japanese manufacturers have long operated in an export-driven economy, rallying to the cry, "export or die." However, as a result of the strong yen, their new reality has been the shrinking of highly lucrative overseas markets. A new consumer market with abundant purchasing power was needed to pick up the gap caused by sagging exports. That new market, long pointed out by United States political leaders, was right outside the Japanese manufacturers' doors. Given that the average Japanese wage earner possessed a savings of 8.1 million

yen, or roughly $63,000 in U.S. dollars, (M. Igarashi, personal communication, April 22, 1988), and given that Armstrong (1987) found the consumer price index had fallen enough to increase real purchasing power, that interest rates were low, and that soaring stock and land prices had increased financial assets, a feeling of newfound wealth prevailed among many Japanese consumers. Domestic demand was consequently fueled by the introduction of new and interesting products never made available to Japanese consumers before. And, following a 1986 governmental decision to offer tax deductions on mortgage rates, the demand for consumer durables increased as well. Additional factors promoting Japan's current purchasing fever include reforms in agriculture, the continuing promotion of imports, a 1987 increase in public-works spending, tax cuts, wage increases above a less than 1% rate of inflation, the entrance of women into the work force, and a cohort of baby boomers now at working age ("A Nation," 1988). Japan has subsequently been spending its way out of the strong-yen recession.

## Evaluation of Cost Efficiencies

Two major concerns regarding the successful diversification and future profitability of Japanese industry was whether acquired technologies of original

businesses could be applied to new ones and whether acquired technologies could remain cost-effective for old and continuing businesses ("EPA Says," 1988). If not, what would be the new technologies?

Secured with hefty research and development budgets, business and industry commenced a rigorous evaluation of production lines--as well as the goods they produced--for cost-effectiveness and future applications. As a result of these measures, new products and new technologies were developed. Innovations streamlined industrial operations and reduced costs to the point that even if the yen were to continue to rise against the dollar, price cuts and profits would still be possible.

> Above all, companies are reaping the benefits (yes, benefits) of a high yen, having already got over the pain of it. In 1986 and early 1987, exporters strived to cut their costs--shifting the exchange rates at which they could expect to break even from ¥180 or so to the dollar to as little as ¥120. Now with a stable (and even...depreciating) yen, they are enjoying the fruits of efficiency and the cheaper inputs that the strong yen provides. ("A Nation," 1988, p. 58)

Not all industries, however, could be streamlined to remain profitable in Japan. Those that could not have been forced to move their production facilities overseas. Compilations by Japan's Labor Ministry state a loss of 8.5% of businesses due to this type of relocation since June, 1986 ("Most Manufacturing Firms," 1988). According to Karatsu (1988), examples of cost-cutting innovations include a stereo headset manufacturer who was able to cut operation costs by one third having changed from pressed metal frames to plastic injection-molded frames and a manufacturer of VCR equipment who was able to reduce the number of motors in one component from three to one.

## Adaptation to Economic Shifts

Japanese business and political leaders claim that their country must--and will--continue to adapt to the changed global economy. Those adaptations and some of their effects are evidenced in the following trends:

1. The challenge to reduce the strong yen-dollar rate at which Japanese manufacturers can make a profit on exports continues. As a result of the strengthened yen, the dollar's cheapness has caused direct foreign investments and product sourcing by Japanese organizations to soar, and many operations no longer profitable in Japan have already been forced to move overseas. In

1987, for example, the value of direct manufacturing investments reached a record high of $10.68 billion.[1] It is anticipated that manufacturers will, in fact, "increasingly be forced to build offshore production bases and import parts and components from them" (Toshio & Hitomi, 1988, p. 56). This trend, according to Akira (1987), has prompted concerns that Japan's major domestic industries will be "drained of life by the exodus of capital and corporations" (p. 420). This effect is often described as the "hollowing of industry." There are sound reasons for this concern. According to Dreyfuss (1987), 5% of Japan's total manufacturing production in 1987 took place overseas; by the year 2000 that figure is anticipated to be running close to 10%. And, according to M. Igarashi (personal communication, April 22, 1988), this trend means that Japanese business and industry will increasingly reduce their domestic capital investments.

2. According to M. Igarashi (personal communica-

---

[1]The investment of $10.68 billion in manufacturing represents only 32% of Japan's direct overseas investments during 1987. An additional $10.68 billion (32%) was invested in financial and insurance companies required to service increased demands of Japanese companies in foreign markets. Another $12 billion (36%) was invested in real estate-related foreign businesses, bringing Japan's total 1987 direct investments in fiscal 1987 to a record high of $33.36 billion ("Japanese Direct Investment," 1988).

tion, April 22, 1988), the need to diversify and/or move operations overseas will result in the shifting of many of Japan's larger industries to a research and development orientation. A growing trend among Japan's larger industries is, in fact, to move the parent organization out of manufacturing altogether in order to focus solely on research and development. The result will be increased diversification of products, services, and market strategies accompanied by new and continuing investments in subsidiaries that will bear the financial responsibility for their parent organizations.

3. According to M. Igarashi (personal communication, April 22, 1988), the trend among larger Japanese companies is to establish their corporate headquarters in the United States and claim them as American corporations to avoid Japan's high corporate taxes.

4. According to M. Igarashi (personal communication, April 22, 1988), Japanese business and industry is moving into the venture capital business. Once again, due to smaller rates of corporate taxation in the United States, it is expected that portfolio investments funded by the Japanese will become increasingly popular in the United States.

5. With regard to downsizing of Japanese manufacturing, M. Igarashi (personal communication, April 22, 1988), does not expect this trend to result in the sale

of basic industries. Selling a company in Japan has two major negative effects: (a) the uncertain future of former loyal company employees and (b) the loss of face for all organizational members. Nor will declining Japanese industries likely consider filing bankruptcies. If manufacturers cannot successfully diversify on their own and/or reduce costs of production by moving operations overseas, they will instead consider mergers and acquisitions. The trend, however, is not to tie up with other Japanese companies but rather with American companies. This is happening because of all the aforementioned points; it is also an attempt by business and industry to become more internationalized.

6. According to M. Igarashi (personal communication, April 22, 1988), as manufacturing loses importance and as remaining industries become more highly automated and roboticized, the cost of labor will also lose importance. Today, many Japanese assembly lines function very well with a minimum of human interaction. The quality of the work force required to operate and manage production processes and advancing technologies will, however, be critical.

## The Impact of Restructuring on Levels of Employment

The combination of a new service economy, oil shocks, a recession, the strengthened yen, fresh competition, and the high cost of doing business in Japan--all of which have forced a drastic restructuring of Japanese industry--has caused a substantial loss of manufacturing jobs and a subsequent rise in unemployment. In 1970, Japan's rate of unemployment was at 1.1%. In 1976, it rose to 2%; in 1983, 2.5%; in 1987, 2.7%. By 1990 projections are for a 4.0% rate of unemployment. Borrus (1987) reports that "an estimated 1 million out of the current 14.4 million manufacturing jobs will disappear by 1990" (p. 53). Japan's Ministry of International Trade and Industry (MITI) has projected that foreign investment alone will cause the loss of 600,000 jobs within Japan over the next eight to ten years. It is also projected, however, that Japan's increasing role of world creditor and its continuing boom in the service sector has a combined potential to create four million new jobs by 1990 (Borrus, 1987, p. 53). Assuming Japan's 1988 GNP of 4% remains steadfast, this projection is highly probable. Of interest, however, and according to Abegglen (1986), because of increases in Japan's overseas direct investments, approximately half of those new jobs will be exported.

In order to cope with recent and projected higher levels of unemployment, Japanese business and political leaders have proposed and acted upon several alternatives. They are:

1. Most manufacturers have continued to export their goods even at a lower profit margin in order to maintain their current levels of employment.

2. Japan has been instituting shorter work hours in order to more evenly spread existing opportunities for employment. It has not been easy, however, to legislate the intense work ethic of Japanese employees.

3. Beginning in September, 1985, when the yen began to appreciate rapidly, 60.6% of Japan's manufacturers made employment adjustments. For example, "35.4 percent cut back on overtime work, 29.2 percent suspended or cut back on the recruitment of experienced workers, 28.4 percent relocated their workers and 24.6 percent suspended or cut back on the recruitment of new graduates" ("Most Manufacturing Firms," 1988). The need for such adjustments was highest in machinery-related industries.

4. As further comment on the relocation of workers, since the institution of a lifetime employment system in the earlier part of this century, Japanese employers have been loathe to lay off permanent work force employees. These employers have consequently

assumed the responsibility of finding or creating jobs for their surplus workers. Today's surplus workers have not, however, been as easily reabsorbed, particularly if those workers are older and/or redundant:

> For decades Japan's big companies have gone to great lengths to avoid layoffs--for example, shifting employees to subsidiaries or finding them jobs among small suppliers. In many cases they padded the payrolls with employees who had no work to do. Sanwa Bank estimates that nearly a million so-called Madogiwas--literally, "by the window," meaning people who sit idly staring out--are costing Japanese companies $6 billion a year. Now the window people are being shown the door. (Dreyfuss, 1987, p. 38)

Reemployment of surplus workers has been largely accomplished through business diversification, that is, the creation of new jobs within new businesses. For instance, when the Japan National Railways (JNR) shakeup during privitization processes left it with 60,000 more workers than it needed, the organization created a chain of food stands, restaurants, and bookstores located at most railway stations. These auxiliary operations in turn provided jobs for some ex-JNR workers. Unfortunately, the transition from jobs directly related to

train operations to positions requiring the sale of coffee, snacks, or publications often caused a "loss of face" as well as a reduction in salary. Of greater concern is that not all displaced workers have been rehired. As of April, 1988, unemployed ex-JNR workers still numbered approximately 5,000 (Ohki, 1988). Diversification rehiring has, however, been exacerbated by other factors in the environment, namely by (a) a decade of slower economic growth, (b) the downsizing of domestic manufacturing, and (c) the aging of Japan's work force.

## TECHNOLOGICAL SHIFTS

Like other world industrial powers, Japan is under pressure to develop advanced technology. The need for more sophisticated, premium-priced products, which are made possible by increased automation and technological innovations within basic manufacturing techniques, is omnipresent. Japan, however, feels pressure for additional reasons. As mentioned earlier, competition from lower wage NICs has dipped heavily into Japan's semiconductor chip and consumer electronic markets. Also, concerned that the West is losing patience with its traditionally slow response to global issues, Japan fears it will lose access to new ideas and technical developments from the West. In order to compete with the NICs and to close the creativity gap with the West, Japan's Ministry of International Trade and Industry has appealed to representatives from business, science, and education to help turn the nation into a 21st-century "techno-state" (Bylinsky, 1987, p. 42).

One question surrounding Japanese technology today, however, has been whether the Japanese can be truly creative instead of "high-tech copy cats" (Bylinsky, 1987, p. 42) of someone else's inventions. According to Bylinsky, this lack of creativity has in the past been blamed on a social and cultural conditioning which (a) equates wisdom with age due to a strong seniority

system, (b) submerges the individual to the group, and (c) prefers slow consensus-building rather than imaginative leaps.

The lack of creativity has also been blamed on Japan's education system. Frequently credited for the development of what many believe to be the most highly educated work force in the world, Bylinsky (1987) found Japan's education system has been criticized as rigid, too conservative, and thus guilty of stifling creativity and graduating single-minded drones. For instance, Japanese education--from nursery school through college--has a strong, practical content and demands mammoth amounts of rote learning; it does not, however, place much value on conceptual thinking. Another criticism has been that progress within a Japanese classroom apparently "goes only as fast as the slowest learner" (Bylinsky, 1987, p. 43) in order that all students may pass on to the next grade together. Clark (1986) also found progress in Japanese schools to be slow, but that lack of speed was not the problem:

> True, progress is slow since dropouts are not allowed and even the dividing up of classes on the basis of ability is often seen as unfair to weaker students. But one can easily get around this problem by relying on after-hours private schools ("juku").

> Many Westerners, and quite a few Japanese, see the "juku" as a form of cruel and inhuman punishment. That is not my impression. Bright students get every encouragement from first-rate teachers. The children enjoy the challenge, and the chance to meet other children in a fairly relaxed atmosphere.
>
> The source of most problems is not the schools, or the "juku," but the universities and their absurdly difficult entrance exams.
>
> So for 12 years, from 6 through to 18, the Japanese child has to break his mind preparing for these exams, and for the schools that will help him get through them. Little wonder some end up as psychological wrecks. (p. 10)

Working within the constraints of this system, it appears that the unusually creative, individualistic students are not always able to pass broad-gauge tests to get into the elite Japanese universities; thus, according to Bylinsky (1987), "the geniuses are kicked out" (p. 43).

This questioned inability of the Japanese to create and innovate for survival has, however, been labeled a stereotype--a myth. True, Japan has adopted numerous ideas and technologies invented elsewhere. Its intent, however, according to Pardau (1988), has not been to

copy someone else's inventions:

> Another common myth that needs to be re-evaluated is the frequent perception among many foreigners and Japanese alike that the Japanese lack originality. Like any good myth, this one has some truth to it. Even the most cursory inquiry would indicate that Japan adopted Buddhism from India (via China and Korea), much of its industrial technology from the Western countries, and much of its culture from China.
>
> But if one digs a bit deeper one may soon discover that what at first appears as wholesale adoption is in fact a case of Japan's remarkable ability to adapt and to modify foreign ideas to their own specific needs and preferences.
>
> From our own experiences we know that one of the secrets of Japan's economic success has not so much been the rapid dissemination of foreign technology, but rather the genius to modify and perfect that technology. Similarly, all it takes is a visit to India to realize that the Buddhism that originated there is hardly a carbon copy of the Buddhism that has developed in Japan. (p. 14)

Richard Casement, The Economist's first science editor, once wrote: "it is true that Japan is short on

inventive geniuses. But Western culture overvalues the role of such people in innovation" (Sandeman, 1983, p. 23). Casement also wrote that "creativity counts for nothing commercially unless it is backed up by the less glamorous aspects of the innovative process" (Sandeman, p. 23). Sandeman believes that what Japan has had in the place of creative genius is "the ability to do good teamwork, to learn from others and make step-by-step improvements that matter most in innovation" (p. 23). The Japanese have understood for several years, however, that their scientific research and development must move beyond improvement of another's idea to the development of their own. The fact that manufacturing is switching to a focus on research and development bears this out.

It is also difficult to believe the Japanese lack adaptability and imagination if one considers that they had to rebuild 80% of their industries, which were destroyed during World War II. In spite of that loss, Japan has managed to distinguish itself some forty years later as the world's second largest economy. It has also challenged the technological leadership of its Western rivals. For instance, Japan exceeds the West in computer technology and in use of roboticized production processes (Japan has one third again as many industrial robots as does the United States). Many would argue that Japan also exceeds the West in levels of product

quality and worker productivity; without standardized international measurements, this last statement is, however, difficult to substantiate.

Regardless of Western concerns, Pardau (1988) takes sides with Japan; he claims that "if this awe-inspiring experience is a critic's notion of 'unimaginativeness,' then it is a species of 'unimaginativeness' that every nation on earth craves to acquire" (p. 14).

## SOCIOLOGICAL SHIFTS

Sociological shifts are evidenced by changes in the roles of men, women, and the elderly. They are also evidenced by changed expectations as espoused by Japan's younger generation.

### The Changing Role of Men

The pressure for men and women to get married and have children has long pervaded Japanese society. Marriage for the traditional Japanese man, however, has been first to his job, not his family--meaning he is seldom at home. Anthropologists Hall and Hall (1987) have, in fact, labeled this society's male as "the absent father" (p. 47). His absence has been due to (a) a strict division of labor between Japanese men and women, (b) practices particular to Japanese employment systems, and (c) a powerful, national work ethic. Helvoort (1979) also found that the husband has had "few social obligations as the household head" (p. 31) thereby allowing him extra time to concentrate on workplace activities. Within the career white-collar sector, for instance, Vogel's study (cited in Carney & O'Kelly, 1987) found that a man's "time, energies and loyalties would be maximally absorbed by the company" (p. 195). This absorption of time, energies, and loyalties has intensified male comaraderie and male

bondedness throughout all of Japanese business and industry; according to Carney and O'Kelly (1987), it is a particular social-psychological dynamic "found at the heart of the Japanese managerial system" (p. 202).

Time, energy, and loyalty as required by Japanese managerial systems have, however, been rewarded by secure, paternalistic work environments through their provisions for company-specific training, long-term career development, and a show of concern for all aspects of a man's personal and familial well-being. Japan's larger organizations have, in fact, historically offered guarantees for lifetime employment to certain corporate members. Those lifetime corporate members--primarily male college graduates hired for technical or executive track positions--have also been offered benefits such as housing, schools, day care, recreational facilities, vacation facilities, legal advice, financing, and marriage-broker services. Ishida (1983) refers to these benefits as "non-legislated welfare company expenses" (p. 3).

After-hours and weekend socializing with supervisors, peers, and work groups, which serves to strengthen bonds between employees, has been an additional and critical part of this employment experience--critical in the sense that to <u>not</u> participate removes one "from the inner citadel of corporate control" (Carney & O'Kelly,

1987, p. 203). As a result, and according to Sandeman (1983), "affairs of the company for which he works occupies a larger area of social life for a Japanese man than elsewhere in the industrial world" (p. 42).

With lives and identities so thoroughly invested in and consumed by their employers and work groups, Copeland and Griggs (1985) have described Japanese men as "wedded" (p. 127) to their companies. Organizations become "family" and, as such, they are often portrayed as functioning in a near-welfare state. It is for this reason that Japanese employment practices have often been criticized for breeding dependency and discouraging employees from taking initiative for their own lives and careers.

Japan's younger male generation, however, is modeling a new life style--one that is more open, casual, playful, individualistic, as well as wife- and child-oriented. Berger (1987) writes that "after generations of submerging the individual to the group, younger Japanese are pursuing what writer Masakazu Yamazaki calls 'flexible individualism'--not the rugged, American variety, but a desire for self-expression in one's work, lifestyle, and possessions" (p. 51). For instance, entrepreneuralism is on the rise, and as venture capital continues to play an increasing role in the start-up of new businesses, especially those in the

field of high technology, talented white-collar careerists and technologists will "perceive entrepreneurship as a tempting alternative to lifetime employment in a large corporation" (Carney & O'Kelly, 1987, p. 211). The most desirable jobs involving creativity and casual office environments are, in fact, according to Berger (1987), no longer found in the larger companies or the powerful government offices. What the younger Japanese men do find desirable are jobs offering shorter hours, more prestige, faster rates of promotion, and new opportunities to be creative. Those jobs are increasingly found in the new, smaller Japanese companies led by risk-takers or in foreign companies which promote a different work style:

> Many young people have become unhappy with low entry-level salaries and are unwilling to wait for salaries tied to seniority status. Promotions come slowly, competition is intense, hours are long, and there is little time for a private life away from work. Moreover, except in some of the most sophisticated computer companies, young people have little opportunity to be creative--"deru kugiwa utareru" ("the nail that protrudes will be hammered down") goes a well-known Japanese saying. Thus as U.S. and European companies gain more visibility, the stigma of working for a foreign company is

fading. (Alden, 1987, p. 53)

Another consequence of these new interests is a decreased commitment to the strong Japanese work ethic, as historically--and often still today--evidenced by fifteen- to sixteen-hour workdays and six-day work weeks. After-hours and weekend socializing, which typically excludes wives and children, is also losing some importance for these younger workers.

Concomitant to these changes, Japanese business and political leaders have been experimenting with various ways to reduce working hours and promote a "sanctioned cultural assault on 'workaholism'" (Carney & O'Kelly, 1987, p. 211). A reduction in working hours will have several positive effects. It will reduce international concerns that Japan has an unfair economic advantage due to what are perceived as unfair labor practices. It is also hoped that a reduction in working hours will more evenly spread the opportunities for gainful employment and, thus, reduce problems of unemployment. Shorter working hours will also stimulate Japan's economy due to the increased consumption of leisure-time products and activities. And, finally, shorter working hours will mean "a renewed emphasis on greater male involvement in family life" (Carney & O'Kelly, 1987, p. 211).

One yet unresolved barrier to family involvement in

the larger, sprawling city of Tokyo is that adequate and affordable family housing is not typically available near a man's place of employment. Many husbands and fathers--having moved their families to distant suburbs of that city--must consequently dedicate a major portion of their workdays to commuting. To cope with demanding jobs and long commutes, an increasing number of these husbands and fathers have opted for work week living quarters near their employers, thus leaving family for the weekends only.

## The Changing Role of Women

Japanese women have traditionally been raised and groomed to serve society as highly skilled, professional housewives and omnipotent, indulgent mothers. Their role has been to provide a stable, well-managed home, make all the domestic decisions, manage major investments, and, as "kyoiku-mama" (education mama), tutor their children through Japan's rigorous education system. The responsibility for home and children has, in fact, been theirs almost exclusively. This role has been so extolled in Japanese society that, except for rare instances, it has historically precluded women's opportunities for meaningful and continuous careers outside the home. Many organizations, for example, have required women employees to retire at the time of

marriage or at the birth of the first child. Regardless, for over two decades--whether due to financial difficulties, the Women's Movement, the average per-family birth rate of less than two children, or the desire for broader experiences--there has been an influx of Japanese wives and mothers into the workplace, particularly after their children have reached junior high age. According to Edwards (1988), the ratio of Japanese women employees to total employees in Japan increased by 28% between the years 1960 to 1984. An even more recent trend is that Japanese women are remaining employed after marriage and while raising children. Mariko (1986) predicts that this entry of women into the job market "will be a major cause of change in Japan's traditional employment systems" (p. 177). Hoping "to improve the welfare of female employees and to heighten their will to work" ("Most Women Working," 1988), some Japanese firms have introduced child care leave systems to accomodate this trend. Such measures have also been instituted "to allow married female workers to work for many years and to secure a work force with special skills" ("Most Women Working," 1988). A Japanese woman's desire to work outside the home has not, however, historically been accommodated.

Research by Carney and O'Kelly (1987) has identi-

fied several cultural and organizational barriers and constraints to the recruitment and mobility of women in the Japanese work force. Some of the organizational barriers have only recently been addressed (April 1, 1986) within Japan's new Equal Employment Opportunity Law "passed under international and domestic pressure to comply with the United Nations convention on ending discrimination against women" (Carney & O'Kelly, p. 194). Carney and O'Kelly found that while Japanese organizations are now required to treat women equally to men in all aspects of their recruitment, training, pay, promotion, dismissal, and retirement, the law is missing an essential provision, that being a provision for violators. Women's groups, therefore, did not support the law as passed, and their expectations for its effectiveness are low. At this writing, it is believed that, on the whole, it is probably only the larger Japanese organizations with memberships of 300 or more which have taken serious steps to remove discriminatory practices toward women employees. There is ample evidence, however, that both small and large service sector industries--in desperate need of new talent--are not only adding more women to their staffs but promoting those women into management positions as well.

Cultural and organizational barriers and constraints historically experienced by Japanese women

include the following:

1. Japan has long been a male-dominated culture operating under a policy which stipulated the strict division of labor between their men and women. Thus, women have not been treated as equals to men in either society or the workplace.

2. According to Carney and O'Kelly (1987), beliefs and attitudes concerning married women have been that husbands, homes, and children required and deserved their full-time attention. As a result of these values, a continuous career orientation has been viewed as completely incompatible with marriage and especially incompatible with marriage and children. Edwards (1988) aptly stated that "obviously, women who are compelled to leave the labor force [for marriage and children] cannot obtain 'equal work'" (p. 240).

3. As further comment on the above point, these same values have also narrowly defined the contribution Japanese women could make to their employers. Operating under the assumption that they would soon be leaving to become wives and mothers, organizations have historically only placed women in production processes or clerical, secretarial, and sales positions. Historically, these positions have often been classified as part-time and/or temporary. Tasks within these positions have generally been simple, with assignment of

overall responsibilities kept to a minimum level.

4. Carney and O'Kelly (1987) found that due to the fact that Japanese organizations have a lock-step method providing for company-specific training, internal promotion, and subsequent pay increases, employment systems have been heavily biased against interrupted careers, particularly for white-collar employees in larger organizations. If employees decide to leave that fixed track, they have found it almost impossible to work their way back into the system. Although this poses a constraint for men as well as women, it has been especially constraining for women who have been expected to retire soon after reaching their mid-to-late twenties for marriage and motherhood but who may wish to return to the work force at a later date. A major consequence of this system has been that promotions and pay raises stopped very early in women's careers, if they even occurred at all. To compound the problem, education and training historically have not been made available to older women seeking reemployment. Time spent in fulfilling one role has left women ill-prepared to return to another:

> The system discriminates against employees, male or female, who interrupt a career in a specific firm or who change employers. The major emphasis is on the development of

company-specific skills developed through tracked movement through a variety of positions in the firm. Re-entry personnel can usually only surmount this barrier through acquiring unique technical skills not readily available in the firm. In the past, such skills have been hard to come by for most Japanese women. One of the few high ranking female managers in a large corporation described the situation such women face:

"Now women have only one or two children; by age thirty or thirty-five they want to return to work. But there is no chance for re-education or specialized training. The only job they can get is as a cashier in a supermarket or as a key puncher. Even for a woman with an education in the sciences, if she quits her job, she can't pick it up again at age thirty. She must continue without interruption if she wants a career. Once they quit, it's over but that is what most do." (Carney & O'Kelly, 1987, p. 199)

5. Regardless of the fact that Japanese women are considered the most highly educated group of women in the world, Japanese employers have for the most part

ignored this distinction. Women have been recruited separately and hired as men's assistants. Only the men, according to Mariko (1986) "were offered responsibilities and opportunities" (p. 179). With women hired for lower-level, ancillary jobs, "the four year degree has not been seen as contributing necessary competence, expertise, or prestige" (Carney & O'Kelly, 1987, p. 197). Carney and O'Kelly further state:

> Some female graduates of even prestigious universities may be recruited along with the much larger pool of junior college and even high school graduates as "office ladies" (or OLs) whose major functions revolve around performing menial tasks such as making photocopies, serving tea to the male personnel and guests and, in general, creating a pleasant atmosphere (as "office flowers") conducive to generating greater productivity among the men. For this reason, looks and personality are more important than skills or credentials for these employees. (p. 197)

Carney and O'Kelly (1987) also found that Japanese organizations have perceived educated women as potentially disruptive due to higher expectations in terms of salaries and job assignments. Additionally, more years spent in getting a four-year degree have meant fewer

years of availability before marriage and children; organizations therefore have favored the hiring of a woman with a two-year junior college degree over one with a four-year degree.

The only exceptions to what Carney and O'Kelly (1987) call the "lumpenization" of women into clerical task groups have been women distinctly hired for specialist or professional staff positions or women hired as technologists. Women technologists have, in fact, shared employment opportunities approximating those offered their male counterparts. The majority of women, however, have been placed in clerical positions as evidenced by the fact that as of September, 1987 only 6.2% of Japan's working women were classified as managers. Also at that time, women comprised "just 6.4 and 2.4 percent of the nation's scientists and engineers, respectively" (Ukita, 1987, p. 3).

6. According to Mariko (1986), employers have excluded women "from in-company rotation and company training programs which aim to develop talent over a long period of time" (p. 110). If women wanted to improve their skills and employment opportunities, they have generally had to do so on their own time using their own money. In contrast, men's careers have been planned, developed, and fully paid for by their employers.

7. According to Carney and O'Kelly (1987), a major barrier to the promotion of women into supervisory positions has been that men have not been comfortable reporting to women supervisors; nor have they been comfortable with women earning more than--or even as much as--they. It has also been believed that women pose barriers to promotions:

> Both men and women, but especially men, commonly have strong reservations against being subordinated to female supervisors in the organizational hierarchy. For managerial males, this may reflect not only prejudice, but a realistically grounded concern about the implications for their own mobility in organizations in which sponsorship and tutelage by male superiors are fundamental resources for such mobility. (Carney & O'Kelly, 1987, p. 202)

8. According to Carney and O'Kelly (1987), the dynamics of corporate male camaraderie and male bondedness--especially as experienced during after-hours and weekend socializing--have been difficult for women employees to penetrate, appreciate, or, considering her domestic responsibilities, even find time for. Women are thus not always in touch with the organization's locus of power.

In spite of the above constraints, opportunities for women to use their education and secure meaningful jobs and promotions are gradually increasing. For instance, recruiting and hiring practices of organizations seeking university graduates have become less discriminatory. Carney and O'Kelly (1987) found that during 1986 "the placement ratio for women graduating from four year colleges reached 73.4 percent, only 5.5 percent below the male rate and the highest level since women started to enter such institutions in significant numbers in the late 1950s" (p. 212). By 1987, "one in every two women university graduates were hired on an equal footing with their male counterparts for career-oriented positions" ("Women's Week", 1988). Many women have also been hired by foreign companies, which, until recently, were not considered desirable places of employment by Japanese men.

Suzuki's study (cited in Carney & O'Kelly, 1987) also found that more firms are providing training programs for rehirees, "especially women who have broken their careers because of pregnancy and childrearing [and that] some of these programs are designed to allow part-time workers to move into full-time career positions as 'mid-streamers'" (p. 213).

With regard to promotions, more women are becoming managers in the fields of banking and securities,

"echoing a growing trend for the companies to use the potential of their female employees" ("More Women Managers," 1988).

In addition to gradual changes occurring in practices of recruiting, hiring, training, and promoting women, according to Bando's study (cited in Carney & O'Kelly, 1987), growth in Japan's service industries has in and of itself fueled a demand for more women employees; this growth is also credited for increased upward mobility of women:

> The most dynamic and rapidly growing sectors of the Japanese economy in the foreseeable future will almost inevitably be those in which the demand for female labor has grown most rapidly in the recent past: services (particularly information-oriented services), communications, marketing, real estate, banking and finance, and distribution. These are also the areas in which the most notable breakthroughs have been made in the recruitment and promotion of women for managerial and executive-track women in recent years. (p. 211)

An additional response to Japan's increased need for services has been the emergence of women as business

entrepreneurs managing their own information service industries. Several women have also established their own temporary employment agencies (an increasingly important personnel service in Japan), and many of these women "are strongly committed to recruiting and training female managers and technicians" (Carney & O'Kelly, 1987, p. 212).

## Japan's Aging Population

The aging Japanese population--referred to as Japan's "Silver Generation"--represents another societal shift, one that will soon, in fact, become a major burden for that nation. Today, Japan is the most rapidly aging society in the world. By the year 2020, there will be more than 26 million Japanese 65 and older, accounting for 19% of the nation's population.

Part of the challenge to accommodate this dramatic and rapid aging process is the development of new industries and services which must provide housing, medical care, medical equipment, drugs, education, leisure time activities, and special services to this age cohort. An even bigger part of the challenge, however, is the absorption of an aging work force within existing Japanese employment systems that discriminate against the older worker. The very nature of Japan's lifetime employment system, for instance, requires that

if young workers are to get ahead, the older ones must be moved out of the system. According to Helvoort (1979), "it is astonishing for many observers that large Japanese companies on the one hand guarantee their regular employees secure employment but on the other hand discharge them at a relatively early age" (pp. 48-49). Such discharges are also considered unusual in that "the man with higher seniority most probably will be entrusted with more responsibility" (p. 49).

In 1985, the Japanese government--acting under pressure from business, industry, and older workers--finally legislated a new age for retirement, that being 60 years of age. Retirement policies carried over from the Meji Period (1868 to 1912) had kept the age at 55, prior to that time. Shojiro (1986) identified the following social and economic trends leading up to this change as follows:

1. A decline in Japan's birth rate had caused an increasing shortage of young workers. Shojiro (1986) stated that organizations had "no choice but to use their older workers" (p. 174).

2. Labor economists had begun to project the financial burden of the aging work force. For instance, an older labor force at the peak of earning capacity (due to a strong seniority system) would be an expensive labor force in terms of wages, pensions, and severance

pay. And, whereas six workers were presently supporting one retired worker, by the year 2025, there would only be 2.5 workers supporting one retired worker.

3. General improvements in health and medical care had increased the vitality and longevity of older workers. Many capable and interested older workers thus pressured employers to provide employment security befitting a longer and healthier life span.

4. Due to the rise in levels of educational achievement since Japan's postwar years, workers had been entering the labor market later in life. Expectations for a subsequent upward shift in the retirement age had increased.

5. Japan's high rate of economic growth had caused its traditional dual structure of the economy to break down. According to Shojiro (1986), prior to the 1970s there had been the "widespread existence of small-scale farms and businesses alongside the bigger companies... [making it] relatively easy for retirees to go back to farming or open up a small business" (p. 174). Beginning in the 1970s, however, these options were no longer viable.

It is unfortunate that concomitant to the increasing demands for stable employment of aging workers has been Japan's slower rate of economic growth and the

drastic restructuring of Japanese business and industry. These factors have caused an overall increase in workers--particularly older workers--labeled as surplus, redundant, displaced, or unemployed.

Consequently, without a well-established market for older workers, Japan has been forced into experimenting with ways to provide for their continued employment, namely, through the restructuring of jobs, their reemployment on a contract basis at a lower salary, or their transfer to smaller, affiliated companies.

## JAPANESE EMPLOYMENT AND HUMAN RESOURCE MANAGEMENT SYSTEMS

As in any society, Japan's conditions of employment are directly related to economic, technological, societal, educational, regulatory, and political factors. Changes in any one of these factors cause subsequent structural changes in the labor market. Thus, the new emphasis on service and credit industries has increased the demand for white-collar workers, and the downsizing of manufacturing has created an excess supply of blue-collar workers. Other structural changes include the influx of women into the work force and the overall aging of Japan's work force. Labor market changes, in turn, have a direct bearing on work behaviors, that is, what it is that a man or woman needs to know and do in order to be an effective employee.

Although it might seem that effective work behaviors for any particular job or task would be universal, it is also crucial to consider the impact of culture and organizational systems on work behaviors. Japan's employment and human resource management systems, for instance, are different from those of most modern societies, namely, those in the United States, Europe, and many newly developed nations in Southeast Asia. Because of these differences, a critical step in this project--prior to drawing any conclusions concerning the future employment, training, and development of Japan's

work force--has been the research and analysis of these systems. This next section, therefore, is a review of philosophies and labor market mechanisms around which Japan's employment and human resource management systems have been organized. Also included are brief comments on trends and issues presently impacting these concepts, philosophies, and mechanisms.

## Philosophy of Egalitarianism

### Opportunities For Work

Since the end of World War II, Japanese management and personnel policies have been founded on a strong egalitarian ethic, which is, according to Sandeman (1983), much stronger than those found in the United States and Western European industries. Once employed, male workers representing a broad social and economic stratum have generally been given opportunities through training and career development to advance their positions and wages on an almost equal level. Any differences in promotional opportunities and wages have been largely attributed to varying levels of educational achievement, although to some degree they have also been attributed to the size of an employer; that is, larger organizations have historically been able to pay higher wages. Sandeman believes this strong ethic is due to the facts that "defeat and reconstruction after World

War II made Japan more open to meritocratic competition than any Western democracy except perhaps the United States...[and that] companies in Japan believe more deeply in the value of their own employees" (p. 26). Unlike the West, employees among the greater proportion of Japan's larger organizations have also benefited from "almost complete job security" (Sandeman, p. 26).

## Access to Organizational Resources

Past research (Ishida, 1986) has also shown that in contrast to organizations in the United States, Europe, and many Southeast Asian countries, Japanese organizations practice a more egalitarian distribution of organizational resources among all of their members. For instance, information and authority is more highly diffused in Japanese companies. According to Hall and Hall (1987), Japanese organizations are "in the truest sense, information based," (p. 76) and it is the flow of information--rather than the use of authority--which makes employees mutually supportive. In other words, "power lies in their ability to mobilize and use information at all levels" (Hall & Hall, p. 76).

With regard to sharing other organizational resources, differences in wages between unskilled workers and management are very small in comparison with other countries. Finally, there is less differentiation

of ability and motivation among employees at different levels of the organization. Ishida (1986) contrasted the distribution of a Japanese organization's resources with other foreign organizations as follows:

> In foreign organizations there is a large and distinctive gap between the ranks in the distribution of these resources. People in the top rank have overwhelming authority, those in the middle rank are a given authority proportionate to their status, and those in the bottom rank have virtually no authority--they simply obey orders given from above. There is also a sizeable gap in ability between ranks. Motivation is strong among top management, but extremely low in the bottom ranks. Information about the corporation is concentrated in the hands of people in the upper echelons. People at the middle level receive a certain amount of information, but the lowest ranks receive practically none. There are also big gaps between the corporate levels in terms of remuneration and fringe benefits. In the Japanese corporation, all of these gaps are relatively small. The distribution of resources change from one level to another with much less noticeable differences. The authority vested in top management is not overwhelming, while the amount of authority distributed

> to those in the bottom rank is large compared with that in foreign corporations. Top management refrains from exercising autocratic power, and those in other ranks are given a voice appropriate to their standing. (pp. 108-109)

## Employee Relations

Japanese business leaders believe this philosophy of egalitarianism is the basis for sound management practices leading to good employee relations. For instance, while Japan's history is not by any means void of labor disputes, during recent times dissidents and labor strikes have been few and far between. Strikes have generally consisted of one-day peaceful demonstrations resulting in very little, if any, impact on day-to-day business operations. Other factors which have created peaceful labor relations according to Sandeman (1983) are "respect for hierarchy and the expectation that individuals will conform" (p. 26). In other words, strong pressures are exerted against dissident opinion.

## Participatory Management

It is also believed that a philosophy of egalitarianism promotes and supports a style of participatory management, or what Ishida (1983) calls a "redistribu-

tion of power" (p. 7). According to Ishida, workers from the shop floor on up are encouraged to participate in managerial decisions through autonomous work groups (such as Quality Circle Groups and Zero Defects Groups), suggestion schemes, management by objectives, open discussion meetings with management, self-reporting systems on career development, representation on work councils, or representation via enterprise union officials on joint consultative bodies. Participation through these mechanisms results in higher levels of motivation (a) to do good work, (b) to exercise human potential, and (c) to influence and participate in management decisions on an ongoing basis. This motivation--when coupled with competency--is in turn credited for high levels of organizational productivity. Ishida (1986) states:

> The Japanese corporation is not to be viewed as a combination of high-caliber leaders and less competent masses, but as a combination of average leadership and able and motivated masses. Employees at middle and lower echelons, because of their responsibility and participation in decision-making commensurate to their posts, are highly motivated to fully exercise their potentialities. The gap in motivation is small because top-level managers

> seldom monopolize information about the organization and its performance. The sense of participation is stronger at lower levels compared with foreign organizations. It is in the highly motivated competent workers that one of the secrets of the "comparative advantage" of the Japanese organization lies. (p. 109)

Current Issues and Trends Regarding Philosophy of Egalitarianism

1. Organizations are under pressure to modify their egalitarian personnel policies in order that more emphasis can be placed on individual merit, namely, personal performance. This is due to the Japanese work force's becoming more highly educated and more diversified. It is also a result of increased global competition, a slower rate of economic growth, an aging work force, and changed expectations among the younger labor force.

2. The philosophy of egalitarianism must now also address the political, economic, and legal rights of women in the workplace.

## Japanese Management Systems

According to Marsland and Beer (1985), Japanese management systems are based on three principles: (a) a highly emphasized flow of information; (b) consensual, bottom-up decision making; and (c) a division of managerial labor.

### Flow of Information

Past research (Hall & Hall, 1987) found that the "entire form and function of the [Japanese] organization is centered on gathering, processing, and disseminating information [and that] everyone stays informed about every aspect of the business and knows who is best informed on what subjects" (p. 10). Offices are shared, even by vice-presidents and other top managers, to ensure the constant flow of information regarding events in the marketplace, competitors, development on company projects, and so forth. According to Marsland and Beer (1985), this continuous exchange of information stimulates involvement, creativity, teamwork, and keeps the organization acting "in concert" (p. 267). Marsland and Beer also found that "to have superior information flow, managers must have a network of contacts built up over time--thus the need for managers to remain with the firm for a long time to build those information networks" (p. 268).

## Consensual, Bottom-up Decisions

Historically, when a problem is identified by a Japanese organization, the responsibility for proposing a solution to that problem is delegated to a lower-level manager or a task force of those managers. Proposals generated at this level are then submitted to successively higher levels of management within the department for the purpose of soliciting criticisms, improvements, refinements, and approval. Any conflict during this process is resolved by "gathering more information until the proper course of action becomes clear to all concerned" (Marsland and Beer, 1985, p. 267). This form of data circulation is called the "ringi" system. Implementation of the final decision occurs only after all levels have reviewed and approved the course of action. When a proposal is finally approved within all levels of the initiating department, it goes back to the lower-level managers for implementation. At this point, the "ringi" system has usually been repeated among concerned managers of other departments of the organization. This ensures that everyone has had the opportunity to routinely review and approve organizational decisions.

The strength of this decision-making process is that all organizational members are briefed on developments and solicited for reactions and support. Imple-

mentation of the final decision becomes easy because everyone believes the decision is a good one. Marsland and Beer (1985) found that "to allow bottom-up decision making, lower-level managers must have experience--again an argument for long tenure, and an argument for slow promotion" (p. 268).

## Division of Managerial Labor

According to Marsland and Beer (1985), decision making is delegated to the lowest level of a Japanese organization. This practice, consistent with the fact that information and knowledge required for problem solving is available at that level, is facilitated through a managerial hierarchy. Management responsibilities at each level of the hierarchy have historically been divided as follows:

Lower: Lower level managers are solely responsible for developing and implementing business plans.

Middle: Middle managers are responsible for reviewing the development and implementation of their subordinates' business plans. They are also responsible for the development of their subordinates several levels down the organization's hierarchy.

Upper: Upper managers are responsible for reviewing decisions made by managers at the lower levels. They are also responsible for maintaining consensus

within the organization; developing company policies; and maintaining good relationships with the community, allied firms, banks, trading companies, and the Japanese government. Past research by Tung (1984) found upper management's role to be the following:

> Upper management is usually less preoccupied with establishing goals and running the day-to-day affairs of the company; rather his function is primarily to serve as a figurehead whose responsibility is to motivate workers to pursue organizational goals and to provide an organizational environment conducive to raising productivity and enhancing efficiency within the company. (p. 39)

Of further interest regarding the role of upper management, Nakane's study (cited in Tung, 1984) found the following:

> It is not essential for the superior, including the man right at the top, to be intelligent. In fact, it is better if he is not outstandingly brilliant because if he were, he may distinguish himself too much for his subordinates and hence become too independent of them. According to the Japanese superior-subordinate relationship, there must be a symbiotic interdependence between the leader and the led. While providing guidance to his subor-

> dinates, the leader must depend on his followers for the fulfillment of organizational goals and tasks. (p. 39)

Additional characteristics of Japanese management systems, other than the three principles identified by Marsland and Beer (1985), include (a) extensive involvement in selection, training, and development; (b) frequent job transfers; (c) slow promotions; (c) teamwork; and (d) lifetime employment.

## Current Issues and Trends Regarding Japanese Management

1. A major problem with consensual, bottom-up decision making is that the process takes too long. Thus, according to D. Drummond (personal communication, July 7, 1988) and other academicians, the "ringi" system has been streamlined to accommodate the dynamic business environment of large Japanese organizations. Wysocki (1987) states that "global competition, faster technological change, and deregulation require quick, significant decisions by top management" (p. 22). Wysocki also points out that diversification and consensus are difficult to mix:

> Today, one industry after another is finding that the old style of Japanese management--incremental steps, consensus building and decision-making from

> the bottom up--doesn't move the corporate "trench" fast enough or in new directions. Big corporations can't diversify by consensus. There is no harmonious way to move 3,000 jobs offshore. It is difficult to make "incremental" decisions on whether to build a $300 million factory in England or in America. (p. 22)

2. The need for quick decisions instead of long, arduous consensus-building processes has, in fact, resulted in the transfer of decision-making responsibilities to the presidents of many large Japanese organizations. Kawamura (cited in Wysocki, 1987) states that "it's getting very difficult to get unanimous consensus. Responsibility is being transferred to the president, even though he doesn't like it. He's being pushed to the corner" (p. 22). According to Wysocki, this transfer of decision-making responsibility has caused culture shock and resistance due to change. Middle management is uneasy and resentful of being bypassed in the decision-making process, and upper management, having gotten ahead by being conservative and making the fewest mistakes, is uncomfortable with having to now serve as "visionary risk takers" (Wysocki, p. 22).

## The Concept of Groupism as it Relates to Concept of Job

### Group Dynamics

One of the more salient characteristics of the Japanese is their strong sense of group identity and group loyalty. It accounts for the dynamics of male camaraderie and male bondedness. It also explains why Japanese organizations place so much emphasis on consensus-building and teamwork. Organizational leaders, for instance, strongly emphasize "the importance of personal growth, the need to work for the common good of society, the need for consensus, building good human relationships, and working in harmony with the group" (Hall & Hall, 1987, p. 65). Group identity and loyalty is strengthened by a Japanese psychosocial dynamic called "amae" which, when translated, means closeness and dependency. In a group situation, "amae" refers to one's personal identity as evidenced through dependent and interdependent relationships with other members of the group. Hall and Hall (1987) found that "these emotions and the needs they engender continue to operate throughout the Japanese lifespan" (p. 55), and that within the work setting "the Japanese find it easier to communicate with another human being if they are in a dependency relationship with that person" (p. 55):

A Japanese male, when embarking upon a career, will

> knowingly enter into a dependency relationship with men of power, status, and influence. This binds him to them in a reciprocal relationship (the reciprocal term, "amaeru," means "to depend on the affection of another"), and while he benefits from the favors (which must be repaid, of course) it is the emotional tie that is important to him. (Hall & Hall, p. 55)

With the concept of "amae" assumed to be at work behind social relationships in Japanese organizations, an employee thus expects the organization "to offer a warm protection in exchange for his or her lifelong commitment to the organization" (Kimura, 1987, p. 131). Kimura believes this speculation provides a psychological explanation for the endurance of personal relationships among members of Japanese organizations.

This lifespan orientation towards groups has thus developed a quality of interdependency--as opposed to Western individualism--within the workplace. According to Hall and Hall (1987), "loyalty to the group is felt to be one of life's highest values and is the principal means by which an employee's worth is measured" (p. 56). Group ties among Japanese organizations become so strong, in fact, that there is a collective sense of responsibility for one another's actions, and individual

members "more or less neglect individual interests if those of the group are felt to be at stake" (Helvoort, 1979, p. 15). In other words, group participation, group harmony, group decision making, group leadership--all have been more highly valued than individual initiative, self-motivation, personal characteristics, and personal goals.

## Impact of Groupism on Job Analysis

As a result of this group-centered concept of value, Japanese organizations have not for the most part accepted the concept of job analysis. It is estimated that less than 20% of Japanese organizations have used some kind of job analysis on the premises, and usually these analyses have been limited to blue-collar workers for purposes of establishing job-oriented wage compensation systems. In the infrequent cases where job descriptions are provided as a result of job analysis, they are usually ignored. Ishida (1986) states:

> The concept of job analysis and working by the manual has not taken root in the Japanese organization. Some companies have spent a lot of money in conducting job analysis and producing workers' manuals, but most of them are gathering dust on the shelves. Workers perform their duties regardless of how their

jobs are defined in the manuals. (p. 107)

The Japanese organization's concept of job, rather, is how work is divided among groups with "vague stipulation of an individual's share of duty within the group" (Ishida, 1986, p. 106). In other words, individuals will be assigned certain tasks, but within the work group the collective sense of mutual responsibilities is broad and overarching. For example, depending on the circumstances, any one member of a work group might decide to reduce or expand his or her duties, in which case the balance of the work group must respectively expand or reduce theirs. Of great importance--when duties are so ambiguous--is the ability to observe other members' behaviors and consequently respond with flexible and supportive role behaviors.

Of greater conern and of paramount importance to the success of Japanese organizations, then, is the capacity of each individual within this interdependent division of labor to remain observant, informed, flexible, and capable of changing roles depending on prevailing and predicted circumstances. It is evident that the Japanese work force has a tremendous capacity to do just that.

Current Issues and Trends Regarding the Concept of Groupism

1. There exists a growing challenge to certain elements of Japanese "groupist" thinking, or a conformist ideology, which submerges the individual to the group. It is being challenged by competition, internationalization, and, as mentioned earlier, changing expectations among Japan's younger generation. Lack of individual accountability for bad decisions and lack of timely decisions in a difficult economy are two elements of this challenge. Of equal importance is the lack of individual merit. In response to an employment system that does not allow for individual merit, prosperity and internationalism have created new opportunities for those who seek more satisfaction through individual endeavors.

2. The groupist orientation does not transfer well to other cultural settings. It is, in fact, one of the least achieved elements of human resource management when Japanese organizations expand their operations overseas. Past research (Ishida, 1986) found that "employees in foreign countries would not accept group-oriented role behavior" (p. 117). Ishida thus recommends that Japanese firms "had better abandon groupist approaches" (p. 117) when moving abroad.

## Hierarchy of Employment Groups

According to Marsland and Beer (1985), hierarchy is paramount in Japan. It helps establish a frame of reference for exactly how individuals should relate to each other and it thus promotes stability and the omnipresent desire for harmony within organizations, institutions, and society as a whole.

For instance, Japanese organizations are ranked hierarchically within each industry with their positions determined by the size of the company, namely, the number of employees, the number of products or services, and market share. The bigger the organization, the greater its status in its respective marketplace as well as in all of Japanese business, industry, and society. Having a job in these larger, high-ranking organizations increases each employee's status in society. This is due not only to affiliation by employment, but also to the fact that these larger organizations--when compared to all Japanese companies--generally offer the highest wages and the most benefits to their employees. Historically, they have also provided almost total job security and the bulk of training for Japan's work force.

Hierarchy is not only a measure of status; it is also a reflection of employment opportunities and job security. Japanese employers and employees alike are

thus keenly aware of their positions on the scalar chain of command.

For instance, Japan's economy is a dual economy with business and industry divided by size, mission, and market power. Large, vital industries--which exist in a highly competitive but nearly equal business environment--depend on small components suppliers and subcontractors for the mass production of their goods. The survival of these smaller, satellite firms has historically depended upon long-term supply relations and/or a consistent demand of their goods and services from the large industrial frontrunners. In recent years, some of these small firms have restructured their operations in order to function more independently of big business; most, however, remain vulnerable to business cycles as experienced by the vital industries. According to Sandeman (1983), "big firms squeeze the profits of smaller suppliers, force them to accept longer credit terms and, when demand falls, cuts in orders and employment fall first on suppliers and subcontractors" (p. 25). The vulnerability of these smaller firms directly translates into lower profits, lower wages, less job security, and little, if any, training and development.

Just as organizations are ranked hierarchically, so are their employees. Initially classified as either

permanent or nonpermanent, employees generally fall into one of five employment groups. According to Marsland and Beer (1985), each group is treated differently, especially in the area of employment security.

1. The Elite Group, or School-Leaver Men (permanent employees): This group consists of male employees hired directly out of school and who begin employment on April 1st, a date coinciding with the commencement of Japan's business year. University graduates start in white-collar positions; high school graduates start in blue-collar positions. Members of this group receive preferential treatment in terms of selection, training, promotions, employment security, and retirement bonuses. It is also the members of this group who have traditionally received promises for lifetime employment. Wages are initially based on educational status; over time, wages become a function of merit, responsibility, length of service, age, and the need to provide as husband and father.

2. Midcareer Male Group (permanent employees): This group also consists of both blue- and white-collar workers. In contrast to the elite male group, however, these men have already worked at one or more organizations after graduation before being hired by their present firm. Marsland and Beer (1985) state:

Although lifetime employment has led to a low

> turnover rate for Japanese men, employees who are entitled to lifetime employment sometimes decide to leave the firm--thus the existence of midcareer men. These men leave their original firm to change the kind of work they do, move into a larger firm which pays better, get a chance at promotion in smaller firms, or change their working environment. (p. 277)

Changing jobs, however, has not been an acceptable work force behavior. Viewed as rejects from other companies--even if they chose to leave their former employer--midcareer males have not, as a rule, been sought after. If organizations hire a midcareer male, their offers for training and promotions have been minimal. Wages are still a function of merit, responsibility, length of service, age, and the need to provide as husband and father, and, to some extent, midcareer men have also been able to receive guarantees of lifetime employment from their latest employer. However, because promotions are afforded less frequently, members of the midcareer male group are less likely to be earning wages typical of members in the elite group.

3. Women (permanent employees): Historically, women have been classified as the lowest group of

permanent employees. In the event of a business slowdown, theirs has been the first of the permanent groups to be fired or laid off from their jobs "since, after all, they would be leaving to get married in a year or two anyway" (Marsland & Beer, 1985, p. 277). Whether forced to leave or personally having chosen to leave, women have thus had little opportunity to benefit from seniority wages or promotions. As a result, their wages have always remained low. And, in contrast to male employees, women have been offered few, if any, fringe benefits.

4. Temporaries (nonpermanent employees): This group consists of men and women hired for a fixed period of time, usually six months or a year. Although temporaries have often worked for one organization for several years at a time, their contract renewals are highly contingent upon business conditions remaining favorable. The use of a temporary work force has, in fact, served as a buffer for permanent employees; during periods of slower economic growth, the temporaries are the first to be discharged. In addition to the lack of job security, temporaries are not entitled to training, fringe benefits, or retirement bonuses; pay is based solely on work.

5. Day Laborers (nonpermanent employees): Organizations hire members of this group for one day or

possibly even a year. Pay is only based on work. No training, fringe benefits, or retirement bonuses are offered.

## Current Issues and Trends Regarding Hierarchy of Employment Groups

1. Due to the fact that labor requirements of most small- and medium-size organizations are still on the demand side, the status of the midcareer male group is improving. According to H. Ishida (personal communication, June 22, 1988), small- and medium-size organizations are eager to hire experienced, middle-aged employees from the larger organizations. Although the overall impact may be minor, this does help to alleviate some managerial blockage caused by slower economic growth and an aging work force. Movement has also been facilitated by labor shortages in the booming service sector (particularly among firms in banking and securities), an increase in foreign companies entering the Japanese market, and the rapid pace of technological innovations. Organizations facing these particular challenges are, in fact, in dire need of employees with talent and work experience.

2. Japan's EEO mandates that women must, along with men, receive equal opportunities for job security in the areas of recruitment, training, pay, promotion, dismissal, and retirement. Because this law has no

provision for violators, expectations for reforms in employment practices have, among women, been low. A September, 1987 survey of 2,500 Tokyo-based businesses with 30 or more employees on their payrolls shows, in fact, that "fifteen percent of the companies covered by the survey still hire women on terms different from those applied to male applicants and pay women less even if they are placed in the same job as men" ("Tokyo-Based Corporations," 1988).

## The Lifetime Employment Sytstem

Historically, Japanese companies have offered secure, paternalistic work environments through provisions for company-specific training, long-term career development, and a show of concern for all aspects of an employee's personal and familial well-being. Until recently, approximately one third of the work force has, in fact, been promised guarantees of lifetime employment, that is, employment primarily within one organization until the age of retirement. Due to the recession and restructuring processes within business and industry, the percentage of employees presently covered by that guarantee is estimated to be closer to 25%.

Estimates also run lower.[2]

The concept of lifetime employment first emerged about the time of World War I, when large Japanese factories faced a "chronic shortage of skilled workers, due to their high turnover rates and low commitment" (Kimura, 1987, p. 133). Kimura further states that Japanese workers experienced difficulty transferring their loyalties--traditionally given their master craft workers--to the factories and the demands of modern, capitalist modes of production. Poor working conditions in emerging industries led to workers' ill health, accidents, low morale, and ultimately to "absenteeism, strikes, and turnover to 50-100 percent per year" (Marsland & Beer, 1985, p. 280). In order to promote a stable work force, employers improved working conditions and "remolded loyalty to the master, to loyalty to the company by giving material inducements" (Kimura, p. 134). In the same vein, Marsland and Beer write:

> Japanese employers tried a new solution after 1910 --incentives to remain at work. Those included better dormitories, cafeterias, and working

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[2]Nevins (1984) states that only about 20% of Japan's work force is covered by guarantees for lifetime employment. Nevins bases his estimate, however, on large Japanese firms with over 1000 employees--not 300 as used frequently throughout the literature.

> conditions, as well as seniority bonuses. Thus, employers tried to retain their work forces by rewarding employees who stayed on the job--by providing better working conditions and by giving workers incentives to stay--wages that rose with seniority, retirement bonuses, and so on. (p. 280)

It should be noted that these measures did not at that time result in promises of lifetime employment; rather, the employer focused on rewarding employees who stayed with the organization. Employers still had the right to discharge workers whenever they deemed it necessary.

The lifetime employment system (LES), as portrayed in more recent years, is largely a result of labor market forces following World War II. At that time, the Japanese economy faced numerous crises, namely, devastation from the war, Allied occupancy, inflation, scarcity of food, and the lack of adequate housing. Japan also had to reabsorb millions of war-displaced Japanese from Manchuria, Korea, and Taiwan. To ensure the economic security of Japanese workers--many of whom faced the possible loss of jobs and subsequent privation--labor unions began insisting that their members <u>not</u> be laid off from their jobs. According to Marsland and Beer (1985), labor unions "opposed discharges so

violently that firms gradually stopped discharging employees for economic reasons" (p. 281). Concomitant to the pressures exerted by labor unions was the emergence of egalitarian and democratic philosophies and pressure from the government to achieve full employment of the work force. Helvoort (1979) found that as a result of all of the above, "enterprises were pressed to employ many more people than necessary for production purposes" (p. 24). The subsequent labor surplus among Japan's larger organizations caused them to gain the strongest position within the economy and, in turn, the most talented workers. It was during this time that the unions also fought for a "living wage" to help ensure survival of their members; that is, younger workers would be paid less while older workers with families would be paid more.

Over the years, provisions of the LES have expanded to generally include subsidized housing, subsidized meals, education, day care, recreational facilities, vacation facilities, legal advice, financing, and marriage-broker services. Other benefits derived from the system include the following:

1. Drucker's research (cited in Kimura, 1987) found that assurances of lifetime employment and living wages have allowed employees to feel a psychological security in knowing their jobs and incomes were secure.

Except in extreme cases of worker noncompliance, Japanese organizations providing an LES have not dismissed their employees, even during times of recession.

2. Employees can count on LES organizations making a lifetime investment in their training and development. This is based on the assumption that employees will remain with the organization for a lifetime; returns on investments in training are thus relatively assured. Hall and Hall (1987) contrast this practice with those of American companies, most of which are "reluctant to spend time and money training an employee who may very well leave to take another job" (p. 154). In other words, low mobility of Japanese employees in large organizations has been a major factor of investments in lifetime training.

3. The combination of lifetime employment, fringe benefits, and long-term investments in training and career development has been credited for increased Japanese loyalty to the organization. The quality of loyalty in Japan, however, operates out of a context very different from those experienced in the Western world. For instance, from a Japanese employer's point of view, strong indicators of loyalty include the employee's ability to (a) conform to the work group, (b) work long hours, and (c) not take full advantage of

vacation or sick leave benefits. From the employee's point of view, loyalty also includes these work behaviors. According to Nevins (1984), "since there is little or no mid-career hiring in large firms, it is virtually impossible for an employee to get an equally good job in another large firm" (p. 48). In other words, loyalty is a byproduct of Japan's closed labor market. According to Sandeman (1983), however, loyalty is additionally motivated by self-interest:

> A worker's success depends on how well his company does; and his self-interest either coincides with the company's, or involves ambitions within it, such as promotion to the next rank, higher pay and so forth. So the much admired "loyalty" of Japanese workers to their company, far from being a triumph of the collective over individualism, is more akin to the pursuit of self-interest within a different context from that of most Western workers. When asked about their loyalty to the company, Japanese workers are quick to say what is in it for them. (p. 26)

4. According to Diebold (1973), "the Japanese system, making one's status depend on length of service instead of on the continued relative importance of one's present job, puts few human barriers in the way of

diversification" (p. 265).

5. Upper level managers/executives, knowing they will not be replaced until retirement, are more willing to train and develop their subordinates. As Nevins (1984) puts it:

> At least in large firms, since supervisors are securely locked into their jobs for lifetime employment and promotional patterns which largely reflect seniority, bosses tend not to feel threatened by sharp subordinates and therefore do not hesitate to train and participate in their career development. (p. 49)

6. Lifetime employment--when coupled with policies that dictate slow promotions and frequent rotation of jobs--has enabled employees to develop extensive network systems with members in other departments, divisions, and branch offices at all levels of the organization. This facilitates communication and decision-making processes.

7. Gregory (1985) writes that one of the most distinctive characteristics of the LES is equitable distribution of wealth throughout the company enabling "those permanently employed to reap the added benefits of accumulated experience" (p. 60).

As previously mentioned, promises for lifetime employment have only covered a portion of the work force. This is due to the fact that generally only the larger Japanese firms (over 300 members) have been able to bear the high cost of such long-term commitments to labor. Smaller firms have considered themselves too vulnerable to economic fluctuations, though, according to Kimura (1987), they are still portrayed as companies which "treat their employees like family members" (p. 141). Lifetime employment has also traditionally been promised only to an elite group of employees, primarily male college graduates hired for technical or executive track positions. The balance of the work force not covered by the LES has largely consisted of (a) employees in smaller organizations (less than 300 members); (b) nonlife employees classified as such by virtue of their positions in temporary, day labor, part-time, or seasonal work; and (c) midcareer employees who, as a result of changing jobs, may have lost this benefit.

## Current Issues and Trends Regarding the Lifetime Employment System

1. The LES places a tremendous burden on selection processes. According to Helvoort (1979), "selection of employees is crucial since dismissal is next to impossible" (p. 26). Selection processes therefore place a

high premium on personality and general educational background--not on skills and abilities. Helvoort also found that high school and college/university graduates are preferred over applicants with previous work experience because "they can be more easily moulded into desirable personalities" (p. 26) which match long-term management goals.

2. The LES places a tremendous burden on training and development activities to standardize work behaviors that support long-term harmonious working relationships throughout the organization. Harmony, consensus, and dependency on the organization have not generally made allowances for the articulation and resolution of personal conflict. While there is nothing wrong with striving for harmonious work relationships, Kimura (1987) found that if an employee experiences a personal conflict with management and/or unions, that conflict must be internalized and neutralized, sometimes to the point of causing low self-esteem, dysfunctional work behaviors, and nervous breakdowns.

3. According to Kimura (1987), "one chronic consequence of lifelong employment is labor surplus" (p. 130). In recent years, this problem has been further exacerbated by what Akira (1987) describes as a "remarkable progress" (p. 420) within business and industry to automate their employee's jobs. In other

words, employees have become increasingly redundant.

4. According to Kimura (1987), this labor surplus has caused "make-work jobs" or the use of "labor saturated methods." Kimura states:

> This blocks off much incentive of the management to introduce labor-saving machines, because they cannot fire the work force that would be made surplus by the introduction of such machines. All he does is adapt to the situation rather than modify the framework; he proliferates make-work jobs or uses labor-saturated methods. (p. 130)

According to Kawakita (1984), the introduction of technical innovations in Japanese factories, such as microelectronic equipment (ME), has reduced labor saturated methods. ME has, in fact, made the reduction of production process workers unavoidable. Company payrolls, however, have not been reduced according to Kawakita, largely because blue-collar workers displaced by an ME workshop have been easily transferred to more labor-intensive sections of the factory:

> In Japan, because workshop demarcations are not defined as precisely as in America or Europe, workers are able to acquire and master a wide range of skills and receive promotion within the company. As a result of this tradition, workers can

> be transferred smoothly to those sections which require greater manpower....[Companies have also been] transferring to more labor-intensive workshops those middle- and advanced-age workers with low adaptability to new technology, while providing them with in-company training to redevelop their abilities. (p. 17)

5. Not all labor matches are as fortunate as Kawakita leads one to believe. Akira (1987) found that the attempt to absorb excess labor from heavy manufacturing into service sector industries has been less than successful. Akira states:

> Efforts are being made to absorb superfluous personnel from heavy manufacturing in the new distribution, service, information, and communications industries, but with little success so far. The chief result has been a severe mismatch of labor. A person who has been in manufacturing needs a certain amount of reeducation, training, and mental preparation to successfully adjust to work in a service or information industry, yet such training is rarely provided by Japanese government agencies or private corporations. (p. 420)

6. Japan's work force is rapidly aging; according to M. Igarashi (personal communication, April 22, 1988), the average age of work force members is now forty. The LES is thus becoming a financial burden due to an increasing outlay of wages to highest-paid employees plus an increasing outlay for pensions and retirement bonuses. M. Igarashi (personal communication, April 22, 1988) claims that "lifetime employment for the future in Japan is fiction." The demise of lifetime employment within the next 25 to 30 years has, in fact, been predicted for quite some time, albeit with reluctance. As Smith (1987) indicates:

> The guarantee of lifetime employment will likely die. Even though only about a quarter of the work force has been protected by that promise, it has been a national ideal, the fullest expression of the notion of company as family. (p. 28)

7. The increasing cost of maintaining an aging work force has been further complicated by Japan's slower rate of economic growth during this past decade. Murphy (1986) writes that both factors have led to a "'blockage' in the managerial ranks of many companies [and that] the careers of many good people are blocked by those who came before them" (p. 23). Instead of a pyramid, many organizations now resemble a "beer barrel"

(Akira, 1987, p. 419).

8. Some large organizations with a preponderance of aging workers and blocked managers have created systems which resemble Western dual ladders of promotion. For instance, Asahi Chemical, an organization of 20,000 workers based in Tokyo, has created a new job title and a new promotion ladder for their younger management trainees, that title being "specialist." This position provides flexibility in personnel administration as well as some recognition and status to younger trainees without actually assigning them to a managerial position. Specialists in Japan have not, however, been afforded the same job status as in the West, largely because of the generalist orientation and the short life span of a specialist's knowledge, skills, and abilities.

9. Depending on their age and ability, older employees are now getting pushed out of the organization, sometimes as early as age forty-five. This practice is true in organizations of all sizes--not just the larger ones offering lifetime employment. As Nevins (1984) puts it:

> Yet older employees in firms of all sizes begin to get squeezed out depending on ability after age 45 or 50. In fact, in Japan it is "first-hired, first-fired"--employees with the most seniority are

> generally the first to go. The result is that unlike in the United States and European countries, there is virtually no unemployment among youth or up to employees in their 30's. Rather, the highest unemployment rates are those for employees over 45, which is exactly the opposite in these other countries. (p. 48)

10. The higher rate of unemployment among employees over 45 exacerbates recent attempts to extend retirement.

11. Generally speaking, older, squeezed-out employees must seek a second career in smaller firms which set retirement ages at slightly higher levels. Therein lie problems with (a) company-specific training; (b) discrimination against midcareer job changes; and (c) the difficulty of finding another job equally as good in terms of wages, benefits, and pensions, particularly if one has previously worked for a large organization.

12. Despite its previous rarity and the difficulty of luring employees away from large, prestigious Japanese organizations, Murphy (1986) reports that headhunting is on the rise in Japan:

> With fewer outlets for older staff, promotion and related salary opportunities for younger and more

> aggressive employees dry up. Stuck in this logjam, an ambitious middle-aged executive can sometimes be wooed by a sweet-talking headhunter, especially if he can be convinced that the risks of changing jobs are no greater than the possibility that he may be tapped for early retirement or transferred to the snowy reaches of Hokkaido, with a pay cut to boot. (p. 24)

13. According to Marsh and Mannari (1977), the concept of lifetime employment has always been threatened by voluntary terminations among employees who have not valued the norm of a lifetime commitment.

14. The concept of lifetime employment has recently been shattered by actual layoffs.

## Internal Labor Market

The LES has provided a foundation around which all Japanese employment systems are based. Its long-term perspective towards employment relations and management of human resources was first deployed by major companies during the 1930s under a strategy for internalizing the labor market. The concept of an internal labor market (ILM) was introduced during the early 1900s by the General Electric Company in the United States; what made Japan's ILM different, however, was its unique combina-

tion with the LES. Major features of Japan's ILM include the following:

1. A skill hierarchy: While organizations do on occasion hire experienced, midcareer employees away from other companies, entry into an organization has traditionally been available only to unskilled workers hired for low-level positions. Movement up the hierarchy occurs through training, experience, and age.

2. On-the-job training (OJT): In Japan's ILM, skills are developed largely through OJT and work experience encompassing a broad range of different, yet related, jobs. OJT is the norm in Japanese organizations largely because (a) job skills are considered company specific and (b) special skills have not always been available in the external labor market.

3. Promotion from within: As employees acquire company-specific skills, they are promoted within the organization. With that promotion comes an increase in wages.

4. Low turnover: Because company-specific training provides an incentive to stay with the company, organizations experience a low rate of employee turnover. Past research (Tung, 1984) found job turnover among the career staff at that time to be "virtually zero" (p. 36).

5. Allocation and use of human resources in an

"extended" ILM: This feature of the ILM allows parent organizations to transfer and reallocate employees, especially older workers, within a group of related companies, such as affiliates and subsidiaries.

## Current Issues and Trends Regarding the Internal Labor Market

1. The ILM has been a salient feature of larger Japanese organizations. Small- and medium-size companies--which are more vulnerable to fluctuations in the economy and which generally speaking do not offer promises of lifetime employment--are more inclined to support an external labor market system. Murphy (1986) writes, however, that members of this external labor market are "not mobile by American standards" (p. 24).

2. Due to slow economic growth and an aging work force, Japan's ILM has become oversaturated. Problems of oversaturation are compounded by the lack of mobility between internal and external labor markets.

3. In order to cope with an oversaturated ILM, large organizations have been moving their older employees--particularly their white-collar workers and managers--in greater numbers to their extended ILM's. This transfer of labor has been crucial to increase mobility among younger managerial candidates "frustrated with the delay in promotion" (Ishida, 1988, p. 6). An additional response to oversaturation has been that many

larger Japanese organizations have been establishing their own smaller firms solely for the purpose of rehiring their older, redundant workers. According to Ishida (1988):

> These firms, composed by only elder employees, usually perform some service jobs for the parent company--building maintenance, insurance service, for example. Some companies which have a lot of redundant elder employees--large trading companies, for example--set up new firms whose task is to facilitate outplacement of elder workers to the external labor markets. (p 6)

Ishida (1988) notes, however, that the above programs for employee adjustments--although an apparent threat to the LES--should not be interpreted to mean that Japan's ILM will cease to exist. On the contrary, Japanese organizations must still maintain a core work force to ensure the continuity of company-specific skills as well as to maintain employee commitment and stable labor-management relations.

4. According to Ishida (1988), the shrinkage of the ILM has meant an increase in the number of nonpermanent employees (temporaries and part-time workers) which, ironically, consists mostly of women who have always been able to get temporary and part-time work.

5. With regard to skill hierarchy, not all of Japan's labor economists agree that this hierarchy is a characteristic of Japan's ILM. Sano (1986) argues that "there is no evidence to show the existence of skill hierarchy" (p. 3). According to Sano, this is due to the difficulty of defining skills, the difficulty of measuring skill levels, and the fact that wages cannot be assumed to be a reflection of productivity, particularly in Japan's internal labor market system.

For instance, rapid and continuous changes in technology have caused the obsolescence of skilled workers. And, with diversification of business and industry, there is a growing need for people with new skills. Without talent to draw on in the external labor market, companies have had to continuously upgrade their work force. Not all Japanese employees, however, have been kept on the skill frontier. This seems to be a particular problem for the older workers employed by larger organizations. Retraining large groups of older core workers[3] in order to keep them at the skill frontier is very expensive, therefore unusual. Thus, new manufacturing plants built as a result of the need for new

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[3]The title "core worker" is used to distinguish employees providing superior performance and who are thus given greater responsibilities and higher status in the organization.

technologies are frequently being staffed and operated by young, new workers hired as engineers and technicians--not the older, traditional, core group of skilled workers. In order for a manufacturer to keep up with the demand for its products and in order to keep lifetime workers employed, these older, traditional skilled workers may still work in the old plants using old technologies. In this case, however, the older workers become a redundant work force.

If core workers cannot remain employed using older technologies, they are likely to be transferred to different jobs in other areas of the company. In these cases, employees are often transferred to areas and jobs that have no relationship to past work experience. Depending on where one is transferred and to what job one is transferred, an employee may actually move <u>down</u> the skill hierarchy. In other words, these employees often perform work which may be inferior and/or unrelated to the rank and title they are allowed to carry. Regardless, pay--due to a strong seniority system--generally remains the same.

Sano believes that, under the above circumstances, an employee's willingness to be transferred is often more valuable to the organization than the employee's performance in the new position. Consequently, the skill hierarchy of Japan's internal labor market system

becomes dysfunctional, and wages cannot be assumed to be a reflection of productivity or the accumulation of specific job skills. A dysfunction in the skill hierarchy also causes problems within compensation systems.

## Promotion Systems Within an Internal Labor Market

Japanese organizations have not, as a rule, drawn upon an outside labor pool for additional human resource needs. They generally recruit and hire once a year, that time coinciding with spring graduation ceremonies and the commencement of a new business year. Organizations will also supplement their needs throughout the year through the hiring of nonpermanent employees, namely temporaries, part-time workers, seasonal, and day laborers. Ongoing needs for additional permanent employees are, however, generally filled by the recruitment, allocation, and utilization of employees from the company's own internal supply of labor. This characteristic of the internal labor market supports Japan's long-term perspective towards employment relations and human resource management. Other characteristics of promotions include the following:

1. Promotions are slow, even for those in the elite male group. According to Marsland and Beer (1985), a promotion from the lowest-level white-collar

position of "section chief" to "assistant section manager" occurs after eight years of employment at the earliest. Yamaguchi (personal communication, May 27, 1988) stated that university graduates can expect to spend ten years as a "company gopher" in Mitsubishi Electric Corporation, that is, in the lowest level white-collar position. During that ten-year period, however, an employee will advance through several hierarchical subrankings and ranks, thus experiencing some movement while yet assigned to tasks of a highly clerical nature. Past research (Rohlen, 1974) found the schedule of slow promotions to be part of the organization's "education in character strength" (p. 146).

2. Although employee evaluations are formalized, past research (Tung, 1984) found that evaluations are also carried out "implictly, on a continual basis" (p. 11).

3. The policy for slow promotions means that evaluations are based on employee performances over long periods of time. This strategy supports Japan's long-term view of employment relations.

4. According to Hall and Hall (1987), promotions are a function of rank. They say:

> To be eligible for consideration for promotion, an individual must occupy a position immediately below the position to be filled. No one jumps a rank.

> He must also have spent the requisite number of years in his previous position. (p. 76-77)

5. Due to the lack of specific job descriptions, Helvoort (1979) found there is "no impersonal, objective standard of performance" (p. 80), particularly among white-collar workers. Rather, employees are expected to contribute their best under all circumstances and within whatever task or job the organization has assigned them. Factors on which an employee is likely to be evaluated include: (a) persistence, dependability, general dedication, and seriousness [as evidenced by hard work, attitudes, courtesy, and loyalty to the organization]; (b) ability to conform to and work well in groups [as evidenced by flexible role behavior and good human relation skills]; (c) past performance and proven ability; (d) judged ability; and (e) age and length of service. In the interest of achieving high motivation, management also looks at an employee's personality and interpersonal relationships from a broad perspective. In other words, organizations tend to evaluate the whole person--not just factors of performance and ability.

During a study of performance appraisals of white-collar workers, Helvoort (1979) found appraisal systems to place a higher emphasis on the assessment of person-

ality than of capability and that the factor of work performance among such workers, in fact, received "scant attention" (p. 81) In contrast, most organizations tend to place greater importance on work performance factors of their blue-collar workers. According to Ishida (1983), results of blue-collar worker performance appraisals are used as "determinants of wage increases, of bonus payments and of promotion decisions" (p. 13).

Regardless of the emphasis on personality, promotions are also based on merit or competence. Talented employees, for example, would be promoted after approximately five to eight years of service at the earliest, while the less talented might be promoted in twelve years or not at all. And, because some areas of an organization have more difficult and complex assignments, the most talented employees are likely to be awarded with the challenging and responsible positions in those areas.

## Current Issues and Trends Regarding Promotion Systems

1. As discussed in previous sections, promotions have slowed down or have become more lateral in nature. Most older workers have consequently either had to bide their time in boring jobs until retirement, accept transfer to their employers' subsidiaries, or accept an early retirement. Middle management has had to bulge

due to slow economic growth and the lack of sufficient posts in senior management levels of the organization. Younger workers (present baby boomers) will experience an even more dramatic slowdown. By the year 2000, Akira (1987) reports that approximately one out of every three (translated to 4.7 million) of Japan's middle age and older workers will experience very little mobility.

2. Sano also argues there is no evidence to show that promotions are necessarily related to the accumulation of specific job skills; they are, however, related to seniority. Hall and Hall (1987) have made a similar observation, but link promotion to the recognition of an employee's loyalty. They say that "routine promotion is automatic by seniority and is not linked to achievement or responsibility. It is given in recognition of the worker's loyalty to the company" (p. 76).

3. As mentioned earlier, Japanese men and women feel under pressure to marry and have children. The practice of regularly promoting men is, in fact, reported to often be contingent upon this status. This is because, in Japanese society, a man has generally not been considered to be a fully responsible individual until he has married and has children.

4. As mentioned earlier, not all Tokyo-based organizations are hiring women for promotion-track positions.

## Compensation--the "Nenko" System

The "nenko" system was developed after World War II, a time when business and industry adopted more democratic and egalitarian philosophies towards the management and development of their human resources. These philosophies included the belief that an employee's previous education should not limit future possibilities. According to Sano (1986), the "nenko" system narrowed "wide differences in status and compensation between production workers and office workers" (p. 3).

Using this system, compensation is determined by the assignment of weights to factors of attained level of education, age, and years of service. Although there are exceptions, employee skills and job characteristics generally do not impact these figures. Wages, in the form of special allowances, are also a function of marital status and the need to provide as husband and father. Marsland and Beer (1985) describe it as follows:

> The wage system is directly linked to years of service, particularly during the initial decade of employment. First, there is the part of the wage that is determined by years of service. Then there is the part determined by position of responsibility--which since, promotion comes only after a certain number of years of service, is correlated

with years of service. There are sometimes job-related or skill-related components (machinist versus janitor). These are sometimes correlated with years of service since the tougher, more skilled jobs go to the more experienced men. Finally, there are the special allowances (such as family allowances, shift premiums) which are not directly related to years of service. Since they are often determined as a percentage of the basic pay, however, they often are highly correlated with years of service too.

This, then, is the "seniority wage" system. The idea behind it is simple. The longer an employee is with his firm, the more productive he becomes. In addition, his wages increase as his needs increase. When he is young, he receives relatively little. As he ages and begins to support a family, his wages increase. As a result of this system, an elderly janitor with many years of service makes more than a young engineer. The differentials by age (since age correlates highly with years of service) are substantial. In 1977, for example, if average male wages for the 20-24 year old were indexed at 100, the wages for 18-19 year olds would be 81, 30-34 year olds 156, and 50-54 year olds 189. (p. 278)

Current Issues and Trends
Regarding the "Nenko" System

1. Sano (personal communication, June 13, 1988) states that Japanese workers have grown dissatisfied with the "nenko" system; they do not find it rewarding. The system--dominated by the factor of seniority--does, in fact, sharply contrast with wage systems of other industrialized nations. Since 1974, there has thus been an increasing trend--especially among Japan's larger organizations--to place greater emphasis on merit rather than seniority. In its article "Merit Overtakes Seniority in Wage Structure," the Journal of Japanese Trade & Industry (1985) reports that during 1974, 62.6% of combined employer pay raises were based on seniority. In 1979, seniority pay increases accounted for only 55.8% of total pay raises. By 1983 seniority pay increases accounted for only 52.2% of all pay raises. As of 1984 the ratio of seniority to merit increases had reversed to 49% and 51% respectively. The increasing emphasis on merit has not, however, decreased the importance organizations continue to place on personality and interpersonal skills.

2. Up until Japan's Equal Employment Opportunity Law went into effect April 1, 1986, the "nenko" wage system was based on sex as well as education, length of service, and age. Because this new law provides no penaltiies for violators, women doubt its effectiveness

for increasing their levels of compensation. According to a previously cited survey, women in 15% of Tokyo's organizations are, in fact, receiving less pay than their male counterparts.

## TRAINING AND DEVELOPMENT

Although the service industry of human resource development barely exists in Japan as we know it in the United States today, training and development of work force members is most assuredly not a new or unrecognized activity within this country's organizations. Past research (Tung, 1984) found that fundamental upgradings of education and skill training have been primary concerns since Japan's Meji period when--owing to the fact that Japan was devoid of natural resources--people were recognized as that country's greatest asset. The development of human resources was consequently perceived as crucial to the nation's survival. Since that time, the development of human resources has become "firmly entrenched and pervasive throughout Japanese business and education" (Weber, 1984, p. 32).

### History of Education and Training

Past research by Levine and Kawada (1980) found that Japan's strategy for work force skill development, for its more than one hundred years of industrialization, began during the late 1800s with provisions for a universal, modern education at the primary level. This broad based, compulsory education, a carry-over of formal education processes from its preindustrial stage, was firmly and permanently established within a

generation's time and has been credited for preparing Japan's increasing population for accelerated industrialization. Levine and Kawada (1980) explain:

> Undoubtedly, this achievement not only prepared the expanding population of Japan to accept industrialization, but also contributed to the creation on a national scale of political unity, social and occupational mobility, wide markets for industrial goods and services, and the like. Without this broad educational base, it is unlikely that Japan would have succeeded in developing human talents for operating modern industries at an accelerating pace. (p. 284)

Regardless of advancements in primary education, Levine and Kawada (1980) found that Japan's political leadership failed to develop a policy providing for the widespread education of the general population at both the secondary and college levels. Vocation-oriented schooling beyond the elementary level during the early part of this century was, in fact, on an ad hoc basis and limited by the government to select individuals pursuing only the most advanced degrees. Levine and Kawada (1980) state:

> With great uncertainties of economic development

> still besetting Japan and continuing lags in technological and economic knowledge at that time, it was difficult to anticipate middle-level skill needs on more than an ad hoc basis. The government essentially abandoned serious efforts to fill this gap and, thus, failed to build systematic institutions for vocational education and career training with the exception of preparing white-collar employees and technicians through specialized advanced schools. (p. 298)

Whereas this policy assured a supply of highly motivated and competent leaders in government and the new, modernizing industries, according to Levine and Kawada (1980) it meant that only a limited group of individuals "destined to enter elitist positions" (p. 285) as administrators, managers, and engineers were being developed to their full potential. In contrast, vocational preparation of the masses was limited to lower-level skill needs of the economy.

Also noticeably absent from Japan's strategy for work force development was a successful attempt to directly link what vocational preparation it did begin to offer at the secondary level in the early 1900s with the skills required by an industrializing economy. Formal school tracks did not carry the young labor force

into modern industry; they only led to agriculture and small- to medium-size companies comprised of craft workers and merchants. As a result, training for work in the modern industries became the responsibility of private enterprises. In this sense, according to Levine and Kawada (1980), "Japanese private enterprise has paralled the American experience" (p. 283).

> Indeed, while the government almost immediately did institute some of the most intensive and specific training programs in its own enterprises, such as telecommunications, and launched the multiple-track system in the formal schools to channel the young labor force into the various occupational levels, effective vocational education for modern industry, by and large, was left to a decentralized and uncoordinated system of training mainly in the private sector....the spread of formal secondary education sponsored by the government beginning in the early part of this century probably served to meet the emerging skill requirements of agriculture and small- and medium-size enterprises far more than large modern industry. (p. 285)

Having instituted formal education as the base from which to move, the Japanese strategy for work force development was thus to leave training to the organiza-

tions. This policy posed a major problem for new industries that needed to hire and organize labor around newly created jobs requiring entirely different knowledge, skills, and abilities. Without vocational schools to develop an external source of labor trained in industrial processes, organizations began to develop their own skill requirements, their own training programs, and thus their own internal supply of labor. Once that training became institutionalized within the organization, "there was little incentive for extensive development of external labor markets" (Levine and Kawada, 1980, p. 287).

The development of organizational training programs was, however, not without its problems. Rapid industrialization meant sudden expansion of production, continuous introduction of new technologies, and frequent mergers of organizations. With dramatic changes occurring in industrial processes and the increasing need for greater numbers of skilled laborers, organizations found it difficult to develop and teach job-related skills systematically. Nor were the elite managers of these organizations always able to serve as competent instructors. In addition to these training problems, poor working conditions, rapidly increasing wages, and the growth of employment opportunities during the early part of the century caused massive turnovers

in labor--thus disrupting efforts to train and hold workers in their new training programs.

A further constraint to organizational training was the institution of the LES and "nenko" wages, which meant that an organization's fixed costs of labor continued to rise. Although "nenko" wages and guarantees for lifetime employment served to stabilize the work force after World War II, Levine and Kawada (1980) found that "to assure that loyal, committed, and educated workers would be recruited, selected, and promoted, companies had to invest heavily in personnel administration, welfare benefits, and continued training" (p. 292).

The cost of this ongoing training was, however, minimized by the fact that permanent employees could be supplemented with lower-wage earners such as temporary, casual, and subcontracted workers. Large organizations were also favored with monopolistic privileges and a surplus of labor.

Regardless of increased labor costs, larger organizations began to recognize two major benefits from continuous training for their lifetime employees, namely, improvements in productivity and the creation of a highly versatile, stable work force capable of responding to ongoing production, organization, and technological changes. An important factor of this

internal approach to training, then, was that permanent employees were trained over extended periods of time. In other words, skill training was steadily cumulative over many years:

> With continual training and experience, key workers became highly versatile, usually gaining knowledge and skills for many jobs within a company. Tight-knit shop-level groups of more experienced and less experienced workers assured informal transmission of skills on the job along with the formal training programs that were set up. Foremen who arose from the shop groups and other work leaders probably often were close to professional engineers in their potential functions. They and their retinues not only showed little concern for job demarcations but also were willing, if not eager, to take up any work assigned....Assurance of lifetime employment was probably a small price to pay for these advantages to the firm. With their skills, knowledge, and status specific to the enterprise, key workers were unlikely to shift, even if there were the opportunity, to other major firms and certainly not to the lower paid, unstable, small- and medium-size firm sector. (Levine and Kawada, 1980, p. 293)

In the interim, skill training in Japan's small- and medium-size companies--which largely concentrated on comprehensive apprenticeships--remained haphazard, piecemeal, and ad hoc. Although these companies did benefit from the little vocational education offered in Japan's schools, they did not build upon this base in order to institutionalize their own skill training programs. It appears that the larger organizations were only able to implement training with precision and reliability, and "unless a graduate found immediate employment in a large industrial or government organization, there was little likelihood of further systematic development of his skill potential" (Levine and Kawada, 1980, pp. 298-299).

Of interest is the fact that during the early 1900s larger organizations found it difficult to fit graduates beyond the elementary school level into their work teams. These graduates were judged, in fact, to be undisciplined and less trainable. According to Levine and Kawada (1980), this is probably the reason that government sponsored youth schools were instituted during the 1920s specifically for the purpose of preparing "young workers for the discipline of industry who otherwise would not have been recruited" (p. 294). Regardless, major organizations were still not inclined to hire these students as key workers; nor would

these organizations readily hire experienced, skilled workers away from the small- and medium-size companies.

It is thus apparent that once policies for closed employment and internal training became firmly established and proven highly beneficial in terms of economic growth, the major Japanese industries resisted the recruitment and allocation of workers from the external labor market. Their resistance, however, was also supported by the fact that one of the major goals of enterprise unions after World War II was to assure lifetime employment of regular workers. According to Levine and Kawada (1980):

> The advantages to the major companies of within-enterprise training remained overwhelming even in the face of the thorough reforms and democratization of the education system and labor relations under Allied Occupancy. The ensuing rise in compulsory education levels, the opening of comprehensive secondary schools to all who wished to continue on and the enormous expansion of higher education were significant changes, but, until fairly recently, made no notable impact on the closed employment and training systems of the large enterprises....By and large, they held to the established patterns of recruiting new school graduates, mostly males, to become their permanent

workers. (pp. 194-195)

It was only after 1958, with the passage of the Vocational Training Act and the realization that industry required increasing numbers of skilled, new recruits, that Japan seriously considered a national policy for active work force development throughout the economy. Regardless, vocational education has yet to be popularly considered as a viable option for entrance into a lifetime career:

> General rather than vocational education has remained the chief route to enter lifetime careers in the large enterprises, and this no doubt served as a major motivation for the young to continue into comprehensive high schools and, in increasing numbers, on to nontechnical higher education. Vocational skill training could wait until employment was secured. (Levine and Kawada, 1980, p. 296)

Given this brief history of training in Japan, it appears that the larger, modern firms in Japan had no choice but to develop their own systems of internal labor markets. In order to compete with the world's most advanced industrial and technological societies, the ILM was the only mechanism whereby Japanese organiz-

ations could almost immediately create a work force "with complex arrays of utilizable and potential skills not available externally" (Levine and Kawada, 1980, p. 300).

It is this historical division in work force development that is responsible for the creation of Japan's economic and social dualism. Although highly efficient during earlier stages of industrialization, since the late 1960s Japan's continued and, in fact, unnecessarily increasing use of the ILM has come under severe criticism. According to Levine and Kawada (1980), dual systems, for instance, have perpetuated inequities and inequalities; the social cost of unused skill potential has been too high for too long. Of equal concern to Levine and Kawada is the fact that rigid employment patterns are highly inefficient for purposes of advancing into a postindustrial society. They state that:

> Especially since the late 1960s, Japan has been at a crossroads where it must choose between a continued "production first" policy or shift to greater social welfare even at the expense of growth. With the oil crisis and slowed economic growth since the early 1970s, this dilemma has heightened. Within this context the closed internal employment systems and skill training

> patterns have come under increasing scrutiny. The growing demand for equity and equality of work opportunity is evidence of Japan's entry into a "post-industrial" phase. (p. 305)

## Current Trends in Education and Training

### The Role of Education

#### High School

Instruction in junior and senior high schools largely focuses on a general education. Senior high students have the option of including a vocational orientation by electing to attend special technical or commercial high schools. Unlike the West, vocational training at this level does not emphasize applied practice of specific skills. According to Helvoort (1979) it is only intended to instruct students on the theoretical aspects of future occupations, such as a "social and economic knowledge bearing on their future occupation" (p. 56) in industry, commerce, agriculture, or fishery. The greater proportion of Japanese students attend high schools that focus entirely on a general education.

Today's high school graduate, however, is not in demand by many of Japan's major industries, as Hidetoshi (1987) explains:

> Japanese of high school age, today, face a terrible

> dilemma. As in many other countries, two main paths are open to them after they graduate from high school. One is to continue their education at a higher level, the other is to enter the work force. In recent years, however, with the change in the structure of Japanese industry, the demand for high school graduates has dropped sharply. Much of the work that they previously performed in factories and offices is carried out more efficiently by robots and office equipment. Now industry wants technicians who can handle the equipment effectively--in other words, young people with more education. The only viable choice left for high school graduates who want skilled jobs, then, is to go on to college and take advantage of employment opportunities later on. (p. 179)

Competition for Higher Education

Upon graduation from high school, approximately 50% of Japan's youth wish to go on to programs for higher education as offered by that country's more than 1000 four-year colleges, universities, and two-year colleges, the latter having been established largely for women. Available openings at these higher institutions of learning, however, can accommodate only about 35% of Japan's graduating high school seniors in any given

year. Due to the lack of adequate facilities and the increasing emphasis being placed on obtaining a higher level of education, competition to get into Japan's colleges and universities is very keen. The competition concerns more than space, however.

Past research (Tung, 1985) found that due to a hierarchical ranking of high schools and universities, the acceptance of new students into the elite universities is largely determined by which primary (including kindergarten) and secondary schools they attended. Competition thus concerns status by association with the highest ranking institutions. And, because it is Japan's larger, prestigious organizations that generally recruit new employees from the elite universities, the competition is essentially a bidding for the best jobs Japan has to offer. For instance, according to Relnick (personal communication, June 1, 1988), graduates of the prestigious Tokyo University are relatively assured of executive positions in Japan's prestigious companies.

The watershed of this highly competitive process largely occurs during a student's third year in junior high. This is due to the fact that ninth grade students must compete via an entrance examination for entrance into the highest ranking high schools. According to Hidetoshi (1987), how junior high students perform on

that one test makes or breaks their educational future:

> To increase the possibility of joining a better company and gaining a better occupation, position, and salary, it is becoming increasingly necessary to enter a well-known, highly ranked university or two-year college. The stiff competition over high school entrance exams stems from a desire to attend a high school that will help in getting into a good school. The exam, then, is a major turning point in a person's life, determining whether he or she can eventually go on to a university or two-year college, or can only enter a vocational or technical school, or cannot go on to college at all. (p. 181)

High school students who wish to go on to college are forced into making one of two decisions: face the competition over college entrance exams or accept a low-skilled job which requires little training. In the event students fail their college entrance exams, they might continue general studies and hope to pass in a year or two.

High school graduates who lack financial resources or the ability to pass college entrance examinations can choose to enter a vocational or technical school in order to be trained through applied practice in job-

related skills. The most popular route upon leaving high school, however, is to become employed first and subsequently enter employer training programs. Vocational training is, in fact, provided at company owned and operated training centers in most major Japanese firms. P. Relnick (personal communication, June 1, 1988) states that high school recruits in manufacturing may be sent to their employer's training institute and graduate a year or two later with a degree certifying them as technicians or engineers. That training will, however, be company specific, that is, geared towards the culture and technologies of the employer only. As compulsory education in Japan only requires that students complete their ninth year of schooling, opportunities for this company sponsored vocational training have historically also been made available to middle high school graduates.

College/University Studies--Undergraduate Level

A four-year college or university education in Japan stresses a generalist orientation. Exceptions include three-year degrees in nursing or two-year college programs for women that offer courses to develop techniques and skills in the areas of art, design, music, theater, office practices, and so forth.

The generalist orientation within four-year

programs has not historically posed a problem for Japanese business and industry. Organizations have, in fact, traditionally paid little attention to the specific knowledge or skills accumulated during an undergraduate's education. Rather, after classifying graduates as either a liberal arts or natural science major, Japanese organizations focus on the applicant's personality, intelligence, and general knowledge. Sano (1986) states:

> Emphasis is on general knowledge and common sense, and therefore students put in little effort in cultivating their specialties. Natural science graduates basically work as plant technicians and engineers, while liberal arts majors (law, economics, literature, etc.) work in offices. However, some areas take people with any background, and due to the lack of computer specialists in Japan a lot of programmers and engineers are not computer majors. General ability is the only talent required, and a flexible mind along with good health, personality, and human relations are also valued. (p. 1)

Reasons given for the emphasis on general knowledge and common sense include the following:

1. Japanese work values stress egalitarianism and

human potential for greater responsibilities.

2. An emphasis on hiring individuals with general ability and intelligence creates a more multiskilled, flexible work force, in which flexibility is highly valued for organizational adaptiveness and is more favorable to technological changes at any time.

3. New employees can be best trained by their employer on company-specific skills.

4. Employees are required to work as part of a team, that is, group efforts are more valued than individual specialization.

5. Employees are expected to change jobs frequently during their career in one organization; preparation for a particular job has, therefore, traditionally been meaningless.

According to Sano (1986), the generalist orientation within business, industry, and institutions of higher learning has historically, and to the present day, meant that there have been very few professions a young Japanese person could develop independently in preparation for a career. Rather, establishing a career in Japan has traditionally meant joining a firm and accepting whatever job is available.

For instance, large organizations have not typically advertised job openings within the firm; nor

have they recruited for specific positions. According to Nonaka and Johansson (1985), "the firm does not hire for specific positions, but simply fills a certain quota of college-educated individuals, most of whom are expected to stay with the company for the rest of their lives" (p. 279). True, Japanese organizations have been concerned about some degree of fit between the employee and the job; however, the practice of matching employee knowledge, skills, and abilities to a particular job--or advancing employees within levels of a particular job family--has historically been nonexistent. According to Y. Sano (personal communication, June 13, 1988), some of the service sector industries are now experimenting with programs for employee advancement within particular job families. On the whole, however, young people today in Japan still concentrate on becoming what Sano (1986) calls a "company employee" (p. 2) rather than, for example, an accountant, a researcher, a marketing or personnel specialist. In other words, according to Sano (1986), the only decision young people need to make concerning their career is what level of educational status they want (or are able) to achieve, that is, high school, college, or postgraduate.

Based on the author's June, 1988 personal interviews with senior students at Keio University in Tokyo, young people do make choices regarding the profession

they wish to be in. There remain, however, several ambiguities and constraints concerning roles and opportunities they will be offered within that profession. For instance, one Keio University senior majoring in education had no idea what subject he would be teaching. His preference was to teach history; there was no guarantee, however, that his future employer would assign him to that particular subject matter. Also of interest was the fact that his final year of studies in education did not include any student teaching assignment. Rather, he would spend at least two years being oriented by the school system prior to official classroom assignment with students of his own. It thus appears that the image of the company employee prevails.

Another Keio University senior majoring in communication had an ambition to be a television producer. That would only be possible, however, after several years of first serving the employer in low-level clerical assignments.

One woman at Keio University, a senior majoring in human relations, expected she would probably be able to get a job only as a secretary. The ideal secretarial job, she believed, could be found in a foreign company located within Tokyo. Foreign firms working out of the West's concept of secretary do not, however, provide

secretarial training. Based on this student's research, applicants for secretarial positions in those firms must come fully trained. The decision this student faced was whether, upon graduation from college, to enroll in an expensive ($3,000) six-month secretarial training program or to seek employment in a Japanese firm that would provide general clerical training at no cost. Having lived and studied in America during her junior year of college, the concept of secretary in a Japanese firm did not appeal to her; nor did the additional cost of training on basic skills. The irony was that a young woman graduating with a degree in human relations was forced into making such a decision.

College/University Studies--Graduate Level

With the exception of postgraduates pursuing advanced degrees in fields such as engineering or medicine, "graduate education is not of a professional type but of a traditional 'academic' type" (Ishida, 1978, p. 72). In contrast to the West, the concept of a professional manager is not highly developed in Japan. Ishida believes this is probably due to unique characteristics of management development found in Japan's larger organizations, the main characteristics of which feature long-term and generalist development through OJT, work experience, and programs for self-develop-

ment. Most Japanese executives believe, in fact, that the development of their managers is best left to the individual organization--not to a professional business school.

For the above reason, but for the prevailing generalist orientation as well, there is only one graduate school of business in all of Japan's institutions for higher education that offers a Master's in Business Administration (MBA), that school being Keio Business School located in Tokyo.

According to H. Ishida (personal communication, June 21, 1988), some Japanese organizations have supplemented their management development programs by sending trainees to graduate business programs overseas. The results have not, however, always been positive. In some instances, these manager trainees came back to Japan with ideas not necessarily compatible with their Japanese company. And, having achieved a higher level of education, some of these trainees have also been inclined to leave the organization within a couple of years for what they perceived to be better opportunities elsewhere. Because of costs and a bias towards life-long employment, this turnover (approximately 5% of foreign-trained staff members) has not been viewed favorably. These same organizations have thus turned to domestic programs for management

development thereby reducing turnover to approximately 2% and encouraging the exchange of new information among their own leaders of business and industry.

## Criticisms of Higher Education in Japan

Criticisms of Japan's existing undergraduate programs are numerous. According to Hidetoshi (1987), these programs no longer meet the increasingly diverse needs of Japanese society or the advanced stages of its industries. Hidetoshi states:

> When universities served as institutions to train a handful to govern, professors could teach and do research at the same time, and students could receive advanced professional training while they studied liberal arts. Today, however, the student body has become increasingly diverse as a growing number of people go on to higher education and as industry becomes more advanced. A reexamination of the very nature of education in undergraduate departments at Japanese universities is inescapable. (p. 183)

Included in this criticism is the concern that enrollment ceilings are too low to meet society's demand. According to Hidetoshi (1987), regardless of the fact that the number of graduating high school

students has increased by approximately one third from those graduating back in 1975 and that a higher percentage of those students want to pursue higher educations, the Japanese government has tried to keep college/university enrollments at 35% of each age cohort. Hidetoshi also found that because private colleges admit approximately 80% of these students, "attempts to expand the number of students entering college will not get anywhere without the cooperation of the private educational authorities" (p. 180). Some private colleges have responded to public pressure by increasing their enrollments. Space, however, is a constraint, and government spending to allow further expansion within either public or private institutions has not been forthcoming. Because public funds are not available for physical expansion and because enrollments due to lower birth rates since the 1970s are expected to diminish after 1992, Hidetoshi doubts that enrollments will be increased by much. Of all barriers to the expansion of enrollment, Hidetoshi believes the largest stumbling block is "the opposition of the universities--long viewed as institutions for training a small elite--to the idea of mass education" (p. 182). As a result of the above constraints, there is a growing trend to open foreign colleges in Japan.

Another major criticism of Japan's educational

system on the whole has been levied at "exam hell" (Hidetoshi, 1987, p. 181) which forces junior high students to spend all their time studying for the high school exam. Hidetoshi believes the only way to eliminate exam hell is to remove the problem of excessive competition, and that the most obvious way to eliminate that competition is to simply increase college and university enrollments.

Yet another concern is how to reform the present ranking system of colleges and universities in order to place all institutions of higher learning "on an equal footing" (Hidetoshi, 1987, p. 181). Equal footing, however, suggests an even broader reform, that being within personnel evaluation systems of Japanese business and industry. A governmental Ad Hoc Education Council is thus proposing that Japanese organizations determine to "evaluate an individual's job skills, diligence, and experience when they decide who to promote, not just consider the college at which he or she matriculated at age 18" (Hidetoshi, p. 181).

With regard to postgraduate levels of education, Hidetoshi (1987) claims that, in contrast to the West, Japan has ignored graduate school education:

> Many people feel that undergraduate professors should focus on teaching and let graduate professors do research and provide required professional

> training. In fact, compared to other advanced industrial nations, Japan has neglected graduate school education. The ratio of graduate students to undergraduates in Japan is only 3.8 percent, compared to 11.5 percent in the United States, 18.5 percent in Great Britain, and 23.6 percent in France. (p. 183)

## The Role of Vocational and Technical Schools

Historically, vocational training has never played a very important or popular role in preparing Japanese workers for jobs. This is because the Japanese consider formal education far superior to vocational training. As a result, colleges and universities providing formal educations "enjoy a preferential status as sources for labor recruitment as compared with a minor role for institutions of vocational training" (Helvoort, 1979, p. 55).

According to Helvoort (1979), of the two types of vocational training (public and private), public vocational training has been the least popular. Generally offered free of charge and conducted at various levels of Japan's central and local governing bodies, these schools provide courses in basic and advanced vocational training, supervisory training, technician training, updating training, instructor

training, and training for the handicapped.

In contrast to public vocational training, Hidetoshi (1987) found that privately-owned schools of vocational training have been gaining in popularity in Japan for the past twelve years. This is due to the fact that, in 1977, the Japanese government authorized the establishment of these schools, ranking them as institutions of higher learning. Most of the vocational and technical schools are, in fact, run as private businesses in Japan. Current proposals seeking reforms in this area are requesting that credits earned in private vocational schools be transferable to four-year college or university degree programs.

According to P. Relnick (personal communication, June 1, 1988), private vocational and technical schools have also become a major source of training for white-collar workers who seek additional training on computer skills, word processing skills, English language skills, accounting skills, and so forth. Additional vocational training is, in fact, often pursued by employees on their own time and at their own expense for professional as well as for personal reasons. This trend is also substantiated by Hidetoshi (1987) who discovered the emergence of "double schoolers" (p. 182), or students who wish to supplement their four-year college/university degree with training in specific job knowledge and

skills. A major reason for this phenomenon is that college students do not believe their four-year degrees are adequate preparation for a career, and business leaders agree. Hidetoshi explains:

> As manufacturing industries give way to service industries, business leaders express a growing dissatisfaction with the universities' reluctance to change just when they should be training the human resources needed for the emerging post-industrial society. More and more students too are concerned that they are not receiving the education they need; this is tellingly indicated by the growing number of "double schoolers": students at universities and two-year colleges who enroll simultaneously in vocational or technical schools to learn practical knowledge and skills. (p. 182)

Although the number of private vocational and technical schools continues to grow, gradually absorbing high school graduates who cannot get into college, their position in Japan's educational system is still, according to Hidetoshi (1987), a precarious one:

> Although more are being established in response to the rise in demand, only the ones located in cities have a good chance of attracting students, and there land prices are so high that educational

> entrepreneurs cannot afford construction costs. In any case, Japanese society still considers these schools a step lower than universities and two-year colleges because of their short history; and in terms of employment opportunities and job conditions after graduation, incoming students do not yet find that vocational and technical schools meet their needs. (pp. 180-181).

Of all forms of vocational and technical training, company vocational training programs, as provided by Japanese organizations, remain the most popular.

## Training in the Workplace

### The Role of Organizations

The responsibility for training and developing Japan's work force has historically--and for the most part yet today--been left to the individual organization. Companies thus "train and educate recruits as needed in the jobs their educational backgrounds have equipped them to undertake" (Weber, 1984, p. 32). This has not been a problem for several reasons:

1. Past research (Levine and Kawada, 1980) found that due to the lack of national policies for work force training and development throughout the economy--and in particular for modern industries--Japanese organizations

have had no choice but to develop their own programs for internal training.

2. The provision of training and development has been reinforced by Japan's unique labor market structures, namely, the LES and the ILM.

3. Organizations want to do their own training to ensure that employees are trained on company specific work behaviors and skills.

4. According to Weber (1984), the learning readiness of the Japanese work force is judged to be very high. For instance, formal education through secondary schools and universities provides a generalist orientation, that is, the focus on theoretical and unspecialized studies. This orientation is highly compatible with work behaviors desired by Japanese organizations. According to Kikuchi (1984), the educational backgrounds of Japanese youth are also "astonishingly uniform," and therein "lies the source of the Japanese people's learnability" (p. 51). In other words, Japan's educational system--responsible for a high literacy rate of 98%--is believed to have created an intelligent, adaptable work force that is well prepared to digest ongoing instruction and thus capable of meeting and coping with continuous changes in the work environment.

5. According to Weber (1984), Japanese employees

at all levels of the organization "willingly undergo instruction" (p. 32) as offered by their employers. As mentioned earlier, they are quick to see the personal benefits derived from training and continuous development.

6. Training and development is a function which receives strong financial support from all levels of Japan's larger organizations as evidenced in the following quote:

> Japanese employers spent about 30,000 yen (roughly $150) per employee last year [1983], according to Japan's Ministry of Labor, and a 16 percent increase is anticipated for this year. Managers routinely allocate training time for themselves and subordinates. The Japan Committee for Economic Development reported that last year an executive or middle manager took five or six days of training, a supervisor seven or eight, and a craftsman or production worker twelve or thirteen. (Weber, 1984, p. 32)[4]

7. Internal training has created a highly versatile work force and is credited for substantial gains in worker productivity and organizational efficiency. The

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[4]According to P. Relnick (personal communication, June 1, 1988), the above training costs as reported by Weber, a company associate, represent out-of-pocket expenses only.

function of training is thus highly regarded throughout all of Japanese business and industry as well as within each organization. In other words, it is hard to argue with success.

8. Finally, training and development activities are easily driven by Japan's strong work ethic.

## Principles of Japanese Training and Development

In addition to ideologies which prescribe egalitarianism and a high valuing of human resources, there are a number of basic principles upon which Japanese organizational training and development are founded. These principles include (a) a broad scope of training, (b) company-specific training, (c) on-the-job training, (d) the employee as trainer, (e) long-term development, (f) self-development and volunteerism, (g) performance based, and (h) human relations based.

### A Broad Scope of Training

Unlike training in the West which concentrates on the acquisition of knowledge and skills for expertise in specialized fields, training in Japan tends to be very broad in nature. The primary goal of Japanese organizational training is to create a flexible, multiskilled work force. Employees are thus trained in numerous skills in order to function as generalists. This broad

approach to training is, according to Helvoort (1979), also based on an egalitarian philosophy which states that "most people have the necessary abilities to perform a great many jobs. Japanese do not like the fact of previous education limiting future possibilities: give people the job and they will learn" (p. 72).

Company-Specific Training

Skills learned in a Japanese organization are company specific. As a result, training objectives largely focus on (a) gaining a thorough knowledge of the organization; (b) shaping behaviors, attitudes, and values to which that organization aspires; and (c) acquiring and developing skills as dictated by the organization's technologies and the positions in which employees are asked to serve.

On-The-Job Training (OJT)

Whether for blue- or white-collar worker, OJT remains the essential component of all Japanese training and development activities. According to H. Osada (personal communication, June 29, 1988) most training of white-collar workers occurs on an informal basis as they rotate through a variety of organizational assignments, positions, and departments. Training of blue-collar workers, on the other hand--especially in Japan's

larger organizations--is more rigorous and more regimented due to the distinct nature of their work, specialized needs of industry, and continuous changes in technologies. Although these factors do require periods of formal vocational training--both initial and continuing--OJT still remains the norm.

Employee as Trainer

Supervisors and managers play a significant role in OJT, but so does the organizational membership at large. In other words, with so much emphasis placed on OJT, training becomes everybody's job. Employees are thus highly dependent not only upon their bosses but upon peers and work groups as well for the continued development of their knowledge, skills, and abilities. When necessary, OJT is supplemented by formal company sponsored vocational training of blue-collar workers and by formal professional training of white-collar workers.

Long-Term Development

Nonaka and Johansson (1985) found in their studies of Japanese management development that, due to the practice of hiring unskilled labor and the lack of specific job descriptions, "initial learning of knowledge directly relevant for individual tasks tends to take more time" (p. 280). New employees must conse-

quently be brought into their organizations very slowly making "valuable contributions much longer in coming" (p. 280).

Japanese organizations in general, however, tend to view their objectives from a long-term perspective, say ten or twenty years hence. Tung (1984) found that this long-term perspective of organizational goals is "often translated into a greater concern for market share and growth, which often take years to develop and may mean operating in the red for a couple of years" (p. 35). Within this context, the management and development of human resources is also viewed from a long-term perspective. In other words, time and experience is training, and it is expected that knowledge, skills, abilities, and responsibilities--whether among blue- or white-collar workers--will be steadily cumulative over the years. This perspective, of course, shapes policies for slow promotion and incremental wage increases. Unlike Western organizations, which seek quick payoffs, there have generally been no rewards for short-time accomplishments in Japan. An employee is viewed "within the context of his length of service within the company" (Nippon, as cited in Tung, 1984, p. 35).

Self-Development and Volunteerism

According to Y. Sano (personal communication, June

13, 1988), volunteerism is often more important than formal organizational training. For instance, employees are encouraged to volunteer their membership on quality circles or other work group activities in order to become trained and experienced in several organizational roles and processes.

According to Weber (1984), personnel departments of Japan's larger organizations develop instruction for self-training in subjects not even related to jobs, such as history, English conversation, cooking, or "ikebana" (flower arranging). These self-training programs are available to all employees and their relatives.

In addition to training and education within the organization, employees are also encouraged to volunteer for self-development programs outside of work and at their own expense. According to a study conducted by the Furukawa Electric Co., Ltd. (as cited in Tung, 1984, p. 30), programs for self-development were pursued by 70% of their employees via correspondence courses, in-house study groups, television and radio courses, or language schools. As mentioned earlier, employees may also enroll in formal classroom courses as provided by vocational schools.

In the Furukawa study, Tung (1984) found that self-development through reading was also very popular among employees:

> In the same study, it was found that managers spend an average of 9.76 hours per week on reading literature related to their job outside office hours; departmental managers spend an average of 9.59 hours per week; heads of clerical workers read an average of 8.4 hours per week; and engineering and clerical staff spend an average of 7.34 hours in reading. In general, the higher the level within the organizational hierarchy, the more time spent on reading outside material. (pp. 30-31)

Much of the reading done by Japanese business executives is focused on the global market--not just the Japanese scene. Tung (1984) found that popular periodicals in Japan were Newsweek, Time, the London Economist, the Wall Street Journal, the New York Times, and the Financial Times. Hall and Hall (1987) found this avid reading habit to be supported by "twenty-seven thousand bookstores in Japan, about the same number as in the entire United States" (p. 52). According to Tokuyama (as cited in Tung, 1984), "so-called industrial policy is not necessarily the cause of our competitive position in world markets. The economic 'miracle' of Japan is attributable in part to our eagerness to gather and analyze the available information on world markets" (Tung, p. 31).

Nonaka and Johansson (1985) also found that, due to the popularity of "ability-orientation in management" (p. 75), Japanese organizations strongly urge younger employees to pursue a path of self-development concomitant to their work-related development of knowledge, skills, and abilities. The emphasis in this movement is on the "development of a personality which can gain the confidence of subordinates and become a focus of leadership" (Nonaka and Johansson, p. 75-76). This interest in selfdevelopment has given rise to systems of self-appraisal and management-by-objectives.

Performance Based

In contrast to the West's focus on training for promotion, training in Japan is focused on present performance. This would appear to be a result of policies for fixed hierarchical progression through the organization based on years of service. As long as employees prove to be competent, their promotions accompanied by raises have been routine by seniority. More important, however, it would appear that training for performance is highly related to the broad nature of Japanese training as provided through OJT practices, particularly the practice of frequent job rotation. Future assignments may or may not be related to past education or work experience; regardless, periods of

retraining coupled with continuous development of individual careers as required by those assignments have been a given. Employees can thus concentrate on improving performances within present positions with little concern for how they can move on to the next.

### Human Relations Based

In Japan, the development of good human relations skills is considered just as important as talent and technical competence. Personnel departments are thus charged with the total development of their employees and with organizing human relations as required to implement long-range organizational goals. Tung (1984) found that in contrast to Western personnel departments, which largely concentrate on recruiting, selection, and hiring practices, or the administration of employee records, payrolls, and benefits, human resource development (HRD) in Japan is more comprehensive and perhaps HRD at its finest.

## Japanese Training and Development Activities

Principles of Japanese training and development are manifested in a number of organizational activities. These activities include (a) new employee orientation, (b) transition into on-the-job training, (c) formal company sponsored vocational training of the blue-collar

worker, (d) on-the-job training, (e) white-collar training and management development, (f) training and education of higher management, (g) formal professional training, (h) and outside training.

New Employee Orientation

Weber (1984) states that, of all industrial nations, Japan appears to provide the most complete orientation for new employees. Particularly among larger organizations, that orientation usually involves several days, or weeks, or perhaps months of thorough indoctrination in "shafu"--the corporate culture, that is, the organization's history, policies, practices, and philosophy of management. Employees are also indoctrinated in acceptable company attitudes as well as how they can be cooperative, committed, and loyal to their employer. Work behaviors of cooperation and commitment are especially stressed, as they insure the free flow of information within the organization. Depending on the organization, university graduates may also be required to attend "freshman training." Weber (1984) describes this training as follows:

> On April 1, new graduates from Japan's universities go to the HRD headquarters of the companies that hired them. There they begin their careers with two or three months of study. A typical freshman

> curriculum covers company history and policies already covered in the literature the companies besieged their new sararimen--"salary men," or white-collar employees--with before graduation, business etiquette, such as correct procedures for bowing or exchanging meishi (business cards), and telephone etiquette. The freshmen then visit their company's various facilities in Japan. (p. 33)

New employee orientations often include introductory coursework, the purpose of which is to provide an understanding of disciplines upon which the employer's business or industry has been established. At a pharmaceutical company, for instance, Weber (1984) found that "a new employee selected for sales will spend about 150 hours learning pharmacology, physiology and anatomy" (p. 33).

According to Helvoort (1979), it is not uncommon for new employee orientation programs to take place in rather exotic locations, such as a company owned resort hotel or mountain lodge. These activities, emphasizing "motivation and the right company spirit" (Helvoort, p. 65) may also be repeated during a recruit's early years of employment. Regardless of frequency, duration, or location, the value of orientation training lies in (a) the commencement of character building, (b) the

transfer of company doctrine, and (c) the development of group cohesion among the new cohort of employees. There is also the opportunity to observe and identify "potential candidates for special treatment in the future" (Helvoort, p. 65).

Transition Into On-The-Job Training

Upon the completion of orientation, company freshmen are assigned to various departments for on-the-job training. According to Helvoort (1979), new employees' first jobs are easy and probably highly unrelated to previous levels of education. Initial treatment of new recruits, whether junior high, senior high, or university graduates, is, in fact, quite similar. For instance, university graduates destined for management positions are just as likely to be assigned work at the production level as are high school graduates, the purpose of such an assignment being to familiarize them with their company products.

Nonaka and Johansson (1985) describe the introduction of white-collar workers and management trainees into departments at Japan's Nissan Motor Company as follows:

> [New employees] are assigned to their respective departments as new trainees and will contribute to the work of the department in whatever capacity

> their boss ("kacho" or assistant "kacho") finds suitable. There is no explicit matching of skills and positions, but rather an attempt to assign people on the basis of personality, dispositions, and peer group acceptance. This looser coupling is carried out entirely by the personnel officers, who represent a very important locus of power in the company. (p. 280)

## Formal Company Sponsored Vocational Training of the Blue Collar Worker

According to Helvoort (1979), approximately 80% of Japan's larger firms provide vocational training through their company sponsored training centers. These vocational training centers may be owned and operated by a single company or by several companies, training in the latter being referred to as "intracompany training." Some company training centers are also associated with Japan's system of public vocational schools in order to create a formal link between "public and in-plant training schedules through which firms accept minimum standards set by the Ministry of Labour" (Helvoort, p. 71). The fact that high quality training is readily available through larger, private Japanese organizations has, however, caused relationships with official public training facilities to be of minimal importance. Helvoort states:

> Both practical, theoretical and general training and education at major enterprises are of undeniably high quality. Because of this high level, numerous large firms do not care much about the official public training facilities; neither do they really bother to foster any important links with the public system of vocational training. The latter system is thus reduced to no more than the second plan, at best, while major private enterprises actually carry the lion's share in the vocational training of Japan's working population. (p. 72)

According to Helvoort (1979), the purpose of company sponsored vocational training centers is to (a) train employees on basic industrial skills; (b) prepare trainees for national trade-skill tests which, by law, are required for the performance of certain kinds of industrial work; (c) provide transfer training of reallocated workers; (d) provide adaptation training for older workers; and (e) provide opportunities for improving practical skills or for building upon an employee's base of technical and/or general knowledge.

In contrast to the provision of formal vocational training among Japan's larger organizations, opportunities for formal vocational training within small- and

medium-size companies is minimal. Such training is only offered to "a very small portion of a great number of workers," with the bulk of training occurring "under the unstructured apprenticeships of artisans and foremen or merely through intuition and knack" (Helvoort, 1979, p. 71).

On-The-Job Training

As mentioned earlier, on-the-job training is the essential component of all Japanese training and development activities. In the past, training by Japan's merchants and craft workers was largely conducted through an apprenticeship system in which "on-the-job training with clearly defined stages of learning was the most outstanding feature" (Helvoort, 1979, p. 72). This method of training, however, was found to have serious limitations after World War II. For instance, the apprenticeship system had concentrated largely on the acquisition of manual skills--not on a technical understanding of the skills being acquired. Thus, as industries began to adopt new technologies requiring new skills, trainees were found to be inflexible and ill-prepared to meet changes. Organizations--particularly the larger ones--have since tried to supplement or eliminate apprenticeship systems altogether; regardless, OJT remains the pivot of their

training activities. Also, according to Helvoort, within smaller firms "learning through 'seeing and doing' along with 'intuition and knack' have remained the rule to the present day" (p. 72).

Weber (1984) states that the modern version of the earlier apprenticeship system is essentially the "tutorial nature of Japanese on-the-job training" (p. 33). For instance--whether or not performed through formal apprenticeship relations--training of blue-collar workers is generally left to supervisors or core group workers. Companies also sponsor programs for individual guidance of these blue-collar workers through which slightly older, experienced employers (known as "older brother" or "older sister") can provide assistance and one-on-one training of new recruits. White-collar workers or management trainees are also sponsored through a "sempai-kohei" (senior-junior) relationship. And, whether for blue- or white-collar worker, OJT will be supplemented (at least in the larger organizations) by some form of outside training, namely the organization's vocational training center.

Nonaka and Johansson (1985) found yet another facilitator of OJT to be simply how information is shared among organizational members, the most famous methods being consensus-building/decision-making processes and after-hours socializing.

White-Collar Training--Management Development

Nonaka and Johansson (1985) found that, due to the lack of their experience and the provision of specific job descriptions, the early years of even a white-collar worker or management trainee tend to serve as apprentice years. Also, regardless of the lack of job descriptions and specific performance criteria, these apprentice years are a time during which senior management makes crucial assessments regarding abilities and personalities of the new employees. The authors state:

> Many different tasks are assigned to [the new employees], including fairly low-level office work, and they frequently serve as "helpers" in a vague relationship with assigned "teachers."...The learning takes place as much by "osmosis" as by specific study of the requirements of the jobs. Frequent face-to-face interactions with seniors and fellow hirees serve to slowly diffuse organizational routines and styles of management. The new employee is surrounded by ambiguity and "gray areas," with no clear definition of exactly "what to do" in specific situations. It is a period during which the company seniors are gradually assessing the individual's ability and personality, while the new hirees are given few specific clues about tasks and performance criteria. (p. 279)

OJT of the white-collar worker--typified by a slow introduction the organization--is marked by long periods between promotions. Historically, those promotions have been related more to seniority than performance. Nonaka and Johansson (1985) found that five years or more may pass in a Nissan managment trainee's career before there is any change in status. For instance, "the typical management trainee starts getting signals only after about 5-7 years, and the turning points in his/her career tend to come at around 32-35 and 40-45 years of age (the assistant kacho, kacho, and bucho promotions) [assistant manager, manager, section chief]" (Nonaka and Johansson, p. 280). According to Helvoort (1979), formal training of these managers tends to diminish by the time they reach the age of 40.

Nonaka and Johansson (1985) found the benefits of this long learning process to be twofold. First, the process "encourages a broad perspective" (p. 280) on how the organization works. Employees come to understand its culture and its place within the industry as well as within the economy. Second, employees are thoroughly indoctrinated in company philosophies, management philosophies, and reward systems. A major disadvantage of this approach to organizational learning, however, is that some employees find the lack of specific direction on the job to be "disorienting and alienating" (p. 281).

Due to the belief that management and administrative skills are best learned within the context of the job itself--not in a classroom--one major feature of OJT in Japan is the practice of job rotation. Rotation is intended to nurture a generalist's orientation and, thus, a broad perspective on organizational matters. Transfers to different jobs, departments, divisions, and branch offices are, in fact, ongoing and at all levels of the organization. Within multinationals, transfers to overseas operations are additionally considered part of the career development process. Tung (1984) found that a manager "experiences about fifteen different positions within the company before becoming a director" (p. 48). The practice of job rotation thus results in numerous periods of training and education within the career of each employee.

For the new employee, job rotation provides practice in a variety of skills. It also helps to identify the best employee for the job, as indicated by Nonaka and Johansson (1985) in the following:

> Against the background of the relative nonprofessionalism of the new employees, the practice of job rotation becomes natural. Without specific skills upon entry, the employee will be given a chance to perform in a variety of roles in the company, partly to increase skills, partly to identify the

> best "fit" with the job. The lack of formal position descriptions also facilitates job rotation, since the particular job content can be adjusted both to the skills of the individual and to the skills of the other individuals around him. (p. 282)

According to Tung (1984), rotation also enables employees to experience some of the more unpleasant tasks of their business. This imparts humility and the ability to understand problems encountered by their subordinates in the future. Tung states:

> According to Mr. Terasaw of Nomura Securities International, college graduates, including those from elite universities, who join the world-renowned Hotel Okura start with bedmaking. They are then rotated through laundry or room service in the following years, altogether serving as an apprentice for five years. This rotation enables them to have a better understanding of hotel management and a greater empathy for the feelings and plight of their subordinates at a later date. (p. 48)

According to Tung (1984), rotation is also important to Japanese organizational goals which seek to

"breed homogeneity and conformity" (p. 48). These qualities cannot be developed if employees do not understand activities and functions of the organization as a whole. Finally, because decision making in Japanese organizations has historically been accomplished through consensus building, rotation facilitates communication processes.

Yet another perspective on the benefits of job rotation is that a change of employees among work groups and departments can be used as a passive tool for innovation and problem solving within the organization. Nonaka and Johansson (1985) state:

> Rotation into new positions by itself will force sharing and learning of existing routines. In this sense, job rotation can be viewed as one way to enhance the understanding of organizational assumptions and theories in use throughout the company. But rotation also has the advantage that fresh perspectives can be brought to bear upon an existing task. In this sense rotation is not only a passive tool for producing organizational awareness, but also serves as one way of challenging existing thought, i.e., of developing "new learning" as well as "unlearning." (p. 282)

Training and Education of Higher Management

University and college graduates are trained for the position of "section chief," and according to Helvoort (1979), almost all of them will reach that position by age 40. Some, however, will reach that stage of their career sooner than others. These are the management trainees who have distinguished themselves by the speed, ease, and excellence of their rotation through the organization as well as by the "tempo of his successive admissions to courses" (Helvoort, p. 74). These are the section chiefs considered likely candiates for still higher positions in the organization's hierarchy.

Past research (Rohlen, 1974) found it crucial for top management candidates, regardless of their talents and ambitions, to also display qualities of self-control and discipline over long periods of time. Rohlen states:

> Those considered top leadership material are generally men with a surplus of energy, intelligence, and ambition, qualities they must learn to control and discipline in order to survive the long years of subordination to the organization, their superiors, and their office groups. For the average man, this subordination may not be particularly difficult, but for talented and vital people,

> it can be a struggle. In the training of new members, the tests of endurance are viewed as affecting different personality types differently. Men with ambition and energy are to learn self-control, while those more passive in character are to learn confidence and drive. All participate together in the same activities, but some events seem more slanted to disrupt passivity and others to teach discipline. (p. 145)

Formal Professional Training

Formal professional training in areas such as law, banking, accounting, finance, and computer operations is also available through the larger organization's training centers. Professional development of management trainees may also be supplemented by advanced degree programs. Some organizations will, for example, select promising management trainees for advanced degree programs in American universities. This period of professional development, provided at the firm's expense, is usually preceeded by a company training program consisting of studies in the English language, American culture, American history, and American politics. Weber (1984) found these courses to exist already as part of a "company employee overseas posting preparation curriculum designed for employees being

posted in overseas job" (p. 33).

Outside Training

According to Weber (1984), in instances where no in-company programs exist, Japanese companies will "frequently purchase training from outside the company" (p. 33). As mentioned earlier, however, "the HRD service industry as we know it in the U.S. scarcely exists in Japan" (Weber, p. 33). Weber believes this is probably due to the prevailing generalist orientation within Japan's education system. In other words, businesses and schools "don't see training and development as an esoteric subject" (Weber, p. 33). It would thus appear that in Japan, training and development is assumed to be a part of the job itself, and, as such, is subsumed within the world of work. Regardless, privately owned training and development organizations do exist and serve as additional resources for Japanese organizations. And, according to Weber, opportunities to attend such programs are considered a high honor for the trainees.

## REFLECTIONS

Contrary to the assumption that fundamental beliefs and practices regarding the training and development of a work force in Japan would be similar to those in the Western world, namely, the United States, this analysis of Japan's education, employment, and human resource management systems has proven otherwise. Unlike the West, Japanese training and development has been driven by a generalist orientation, a long-term perspective, a concept of groupism, a unique management development system, as well as a penchant for human relations, self-development,and company specific human capital. And, unlike the West, Japanese training and development has been driven by a lifetime employment system, a strong internal labor market system, and a dual economic/social system. Each of these factors has shaped work behaviors, or what it is that an employee needed to know and do in order to be effective in a Japanese work setting.

This research was also based on the hypothesis that recent changes within economic, technological, and sociological factors--forcing a major restructuring of Japanese business, industry, and labor--would necessitate a realignment of education, employment, and human resource management systems. In other words, systems and work behaviors would have to be redefined by the

changing domestic and global environment. This is supported by some of the research. Employment and human resource management systems are at present, in fact, in a tremendous state of flux in Japan.

At this point, it would seem logical to present arguments for change within Japan's systems for human resource development. Many arguments have, in fact, already been presented as current trends and issues throughout the context of this paper.

For instance, training and development must change to meet the needs of women, the aging worker, the midcareer worker, the service sector worker, the transferred worker, the specialist, the entrepreneur, the technologist, the researcher, the developer, the manager, and the executive. Training and development must also address issues surrounding change, individual differences, conflict resolution, leadership, and decision-making processes. Managers, personnel workers, and trainers must now look at selection, training, and evaluation processes. Should the emphasis be on knowledge, skills, abilities, and standards for performance (via task and job analysis) rather than on personality and general educational background? Should standardized work behaviors be reduced or changed? What will be the model for diversification rehiring and training of the redundant and aging worker who seeks

meaningful work and a continued economic security? What will ensure a breakthrough for training of women when the economy presently thrives on an abundance of temporary, part-time women employees?

As several features of Japanese training and development are excellent and inspiring by Western standards, it would also be logical at this point to present arguments <u>against</u> change. There is not, for instance, a reason to change most elements of training via extensive rotation of jobs, with the exceptions of (a) making rotation more self-directed than employer-directed and (b) making promotions accessible to women who, because of their other roles in society, do not always find rotation an easy means for upward mobility. In that organizational training has created a multi-skilled, flexible work force, there is also no reason to challenge all aspects of Japan's broad scope, or generalist approach, to training. One could certainly argue against its appropriateness for particular jobs or under particular circumstances. As an <u>attitude</u>, however, the generalist orientation has been a dynamic element of Japanese training.

Rather than continue to present arguments for or against change, it seems necessary at this point to (a) clarify the major underlying philosophies and mechanisms shaping Japanese systems for training and development;

(b) identify opposing forces within those philosophies and mechanisms; and (c) suggest how those forces have actually constrained Japan's movement into an industrial, postindustrial, and international society. Further issues, implications, and proposals for change are also included.

## Fallout From Lifetime Employment

Losses in foreign sales, losses in manufacturing jobs, equal employment opportunities for women, increased expenses of an aging work force, increased diversification of business and industry, and a burgeoning service sector--all are causing a shake-up in Japan's cohesive and affectionate corporate milieu. This is largely due to the urgent need for increased mobility of the work force. It is also due to the need to cut costs. Cutting costs in Japan, however, has involved more than layoffs. The high cost of lifetime employment guarantees has caused ideology to be laid aside as well. The fallout from this country's lifetime employment system, a system expected to die within 25 to 30 years, will be approximately 15 million employees of Japan's present labor force.

The implications for training and development are several. For instance, Japanese organizations have been accused of creating dependent employees and discouraging

workers from taking personal initiative for their careers. This is largely due to the lifetime employment system through which organizations--not the individuals --determined jobs, careers, training, and lifelong employment security. Historically, and still today, employees developed by one organizational family have not found their company-specific skills easily transferred or readily accepted by another.

With Japan's employment and human resource management systems now in a state of flux, the first implication of this new reality is that employees will need to learn how to (a) assess personal knowledge, skills, and abilities; (b) define career goals; and (c) acquire job-seeking skills if they are to cope with job and/or career changes. There will thus be an increasing need for career counseling and planning, asssessment centers, outplacement programs, and employment agencies. Outplacement of older workers has, in fact, been a service provided by Japan's larger organizations for decades. The results of such efforts, although providing a measure of economic security for the aging population, have, however, been less than ideal.

The second implication is that the Japanese government will have to find efficient ways to provide new programs and benefits to support displaced workers and their families, that is, through job training, job

placement, and increased programs for social, rather than corporate, welfare.

The third implication is that unless OJT is adequate, employees may eventually have to provide for their own education, training, and development to personally ensure their economic security, especially as jobs become more specialized. The question is: without guarantees for lifetime employment, through which paybacks on lifelong training were virtually assured, will organizations remain committed to their present levels of training and development? H. Ishida (personal communication, June 21, 1988) believes that, for now, organizations will and must maintain that commitment. As a further comment on this personal communication, organizations really have no choice but to continue in their current levels of training and development. Research used in support of this paper has shown, in fact, that there are no major mechanisms in place to take over the organization's responsibility.

## Generalist Orientation

Japanese business, industry, and educational systems have fostered a generalist rather than a specialist orientation. This orientation within educational systems has resulted in (a) few opportunities for independent development of careers, (b) little concen-

tration on skill or knowledge development or cultivation of specialties, and (c) dependency on business and industry to do all the training and development.

The generalist orientation within business and industry has resulted in (a) recruitment driven by quotas rather than by specific jobs; (b) training on work-related knowledge, skills, and abilities to be learned and developed mainly on the job; (c) training to be only company specific and often considered nontransferable; (d) training to be often pursued more as an education than as training; (e) longer periods of training leading to delayed effectiveness; (f) the strong likelihood of mismatched labor and underutilization of human potential; (g) the inability to identify talent quickly for continuous and dramatic technological change; and (h) the increasing frustration that vocational and higher education systems are not providing the education, training, or development necessary to carry business and industry into a postindustrial age.

The implication here is that education, training, and development also will need to concentrate on the development of specialties, or the acquisition of particular knowledge, skills, and abilities. In that secondary and higher education systems provide only a generalist orientation, leaving the development of specific human capital to the organization, the chal-

specific human capital to the organization, the challenge to education is large. In that organizations have historically and largely nurtured only a generalist orientation, the challenge to business and industry to inculcate job analysis, job descriptions, and pay for performance is also large.

## A National Mindset

Japan, an island approximating the size of America's state of Montana, was not blessed with its own supply of natural resources crucial to an industrializing society. Its fierce determination to survive this vulnerability--and, in fact, compete with resource-endowed industrializing countries the world over--forged new commitments to modern education during the early 1900s and the subsequent development of a multiskilled, flexible work force capable of adapting to technological change at any time.

Regardless of its recent and extraordinary economic achievements, Buell (1987) found that Japan still perceives of itself as a vulnerable nation due to poverty of size and natural resources. Poverty of size and natural resources are not, however, the critical issues here. Rather, this historical perception of vulnerability has caused an insular and homogeneous mindset, one that appears determined to keep that nation distinct

and detached. Thus, while many Japanese give lipservice to the process of internationalization, they still maintain an emotional isolation from the rest of the world. Buell proposes this mindset may mean Japan is not prepared to offer a leadership role in our global economy. Buell states:

> But Japan lacks a vision for itself and its role in the world. It's a financial superpower that's also a reluctant leader. That's because the nation's impression of itself doesn't fit with what it has become. From schoolchildren to pensioners, the Japanese still repeat in creed-like fashion: "We are a small island nation with few natural resources." This perception of vulnerability shapes the national mindset. "People think they are excellent but there are not enough resources," says Akira Nambara, a director of Bank of Japan. "So they have both a superiority and an inferiority complex." (p. 64)

Distinction and detachment is manifested in numerous other ways, as well. For instance, Japanese youth returning from their educations abroad find themselves labeled as misfits. Buell (1987) found that Japanese employees returning from foreign assignments find their careers sidetracked. And, according to

Buell, Japanese "with too many foreign friends complain that they are suspect as 'gaijin,' or foreigners, themselves" (p. 64).

According to Yamaguchi (1988), the "attitude that overseas production cannot reproduce the quality of made-in-Japan goods is a formidable barrier to increased off-shore production" (p. 33). The Japanese are equally skeptical of confrontational management styles, such as those practiced by United States organized labor. Confrontation does not feel comfortable in a society that stresses harmony through consensus building and which demands conflict avoidance.

This mindset is further manifested in Japan's employment systems. According to Yamaguchi (1988), those systems have been difficult to integrate with host country employment systems because of (a) language barriers, (b) promises of lifetime employment which assume that Japanese employees--not host employees--will fill the overseas assignments, and (c) a unique philosophy of management considered unsuitable for most international settings. Ishida (1986) also found that Japan's groupist orientation does not transfer well to other cultural settings.

Implications of the above--in terms of international training and development--are several. First, with more Japanese money and manufacturing moving

offshore and with more foreign companies being established in Japan, there will be a continually increasing need for cross-cultural, multinational training of employees, particularly of employees who manage those overseas operations. This would include the study of foreign languages, foreign cultures, and foreign styles of management, as well as policies and practices of international business. Training endeavors of host organizations and foreign nationals should be no less.

Second, Japanese organizations have historically offered only one or a few product lines. Product specialization has thus far enabled those organizations to focus attention on what they have done best. This factor--when coupled with cultural isolation--has caused them to do what they did best and with whom they worked best, namely, themselves. Japanese organizations have, for instance, been reluctant to hire non-Japanese managers to cover foreign operations. According to Johansson and Nonaka (1987), this practice "reflects a kind of provincialism that now poses hazards in an era of global markets" (p. 22). At a time when Japanese organizations must diversify and internationalize, parochial interests--based on what Japan already knows and does very well--may not keep this nation on a competitive edge with international markets. Johansson and Nonaka are thus concerned that Japanese managers

will be willing to learn and apply all market variables critical for success in a global market--not just theirs.

All of the above suggests the need for organization development processes through which to identify problems and opportunities for change. In short, Japanese organizations need to move from a monocultural to a more multicultural point of reference.

## Educational and Vocational Systems

Although the Japanese government is credited for instituting policies providing a broad based, modern education during the early 1900s--thus facilitating and, in fact, accelerating Japan's movement into the age of industrialization--those policies were largely founded on agrarian, apprentice, and elitist concepts. They did not provide for a widespread education of the general population at the secondary level or post high school levels. Only a limited group of individuals destined to serve in elitist positions with government and industry were developed to their full potential.

Nor did these policies make provisions for vocational and technical skill training as required by modern industries. Nothing carried the general population into modern industry--only into agriculture and small firms comprised of craft workers and merchants.

Because it appears that only the larger, industrializing firms were able to implement training with precision and reliability, unless a graduate found immediate employment in a large industrial or government organization there was little likelihood of further systematic development of skill potential. Japanese policies thus did not provide just and equal opportunities for work and training. According to Levine and Kawada (1980), the implications for developing nations --of which there are still many in this world--are considerable. Governments must implement and institutionalize policies for work force development throughout developing economies and societies if movement into a new economic age is to occur efficiently, effectively, and equitably.

Without a government strategy for developing human resources throughout the industrializing economy and at all levels of its society, work force vocational training, education, and development became the responsibility of Japanese business and industry. Only after 1958 did the Japanese government begin to consider a national policy for active human resource development outside the organization; business and industry's historical and current bias against vocational education has, however, rendered that option unpopular.

What is interesting here is that an increasing

number of high school graduates want to continue their education within institutions of higher learning; there is not, however, room enough to accommodate those ambitions. It thus appears that government policies remain biased against mass education. What is also interesting is that, due to increasing complexities of business and industry, large organizations are electing to hire only college and university graduates. It thus also appears that high school graduates may now lose out on just and equal opportunities for work and training.

Government policies which limit public access to institutions of higher education thus remain a problematic issue. So does the low status of public or private vocational/technical schools vis-a-vis university, college, and organizational training programs. Also, of increasing concern to Japanese society is the lack of higher education appropriate for movement into a postindustrial society. The implications for continual development in all economies and societies are considerable.

## Combined Impact of Economic, Labor Market, and Employment Systems

The extent of each Japanese worker's training and development has ultimately been determined by the employer's position within Japan's unique dual economic, employment, and labor market systems. If one has worked

for a large organization which (a) survives on business relations with satellite firms, (b) allocates and utilizes employees from its ILM, and (c) offers guarantees for lifetime employment, then one has experienced initial and continuous training concomitant to long-term career development. By Western standards, these provisions for training and development have been judged excellent. In contrast, if one has worked for a small- or medium-size firm which (a) is more vulnerable to economic fluctuations within Japan's industrial front-runners, (b) tends to rely on an external labor market, and (c) does not offer promises for lifetime employment, then training has generally been limited to apprentice relationships.

As a result of the above systems, most of what the world reads about Japanese training and development and Japanese management systems represents policies and practices presently only applied to about 25% of this country's 60 million workers, or approximately 15 million workers employed by Japan's larger organizations. Training of the remaining 45 million workers is rarely talked about, probably because it is based on apprentice relationships, that is, on a traditional learning process involving little more than seeing and doing, intuition, and knack.

In other words, Japanese training and development--

as popularly described and often emulated in the West--is essentially a closed system.

Research used in support of this paper has thus shown that regardless of personnel policies being founded on egalitarian and meritocratic philosophies after World War II, Japan's dual systems, coupled with policies limiting access to higher education, still conspire against equity and equality of opportunities for work and training. They have also historically conspired against equity and equality of opportunities for work and training of women and aging workers.

The implications here are that training is not solely determined by a stated, underlying philosophy for work force training and development. One cannot analyze a country's training by training practices alone. Other systems may, in fact, constrain underlying philosophies of training, no matter how broad, egalitarian, and human potential based that training is claimed to be. True, Japan has developed a multiskilled, flexible work force which admirably adapts to technological change at any time. But at what price? And, why has it historically been limited to one third and presently one quarter, or less, of the work force? What might have happened in Japan if their economic and employment systems had been different?

# CONCLUSION

What will be the major impetus for change in Japan's training and development systems? Based on research, it appears that no one force can be identified as responsible for spearheading change; rather, multiple forces will converge and serve as impetus for change.

Change will occur as a result of the increasing demise of the lifetime employment system and the prevailing shrinkage of the internal labor market. It will occur due to intense diversification of business and industry and the booming service sector currently in desperate need of new knowledge, skills, and abilities. It will be the result of pressure from business and industry for Japan to reform its current educational and vocational systems. It will be a reflection of changed expectations among Japanese youth. It will be caused by the influx of Japan's highly educated women into the work force and Japan's new Equal Employment Opportunity Law. It will be in response to an aging work force that seeks meaningful and continued employment. It will be caused by an increase in unemployment. It will be wrought by a breakdown in the traditional management development system which has already witnessed a reverse in corporate decision-making roles. Finally, it will be the result of Japan's present transition into a post-industrial and international society.

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